

Daisy D. Cruz

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Thursday, November 14, 2024 4:09 PM
To: christiangigante31@gmail.com; Daisy D. Cruz; g.vince.casanova@gmail.com; ggcasanova@arthalanc.com; John Christian Gigante; Margeline C. Hidalgo; Marivic S. Victoria; Riva Khristine Maala; rvmaala@gmail.com; Sheryll P. Verano; disclosure@pse.com.ph
Subject: Quarterly Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Arthaland Corporation

Reference Number: 0037006-2024

Date and Time: Thursday, November 14, 2024 16:09 PM Template Name: Quarterly Report Report Number: CR07595-2024

Best Regards,
PSE EDGE

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3Fsec%3Dprivacypolicy&data=05%7C02%7Cddcruz%40arthaland.com%7Ce2908b6abe9b4c6439cc08dd0483a990%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638671685740460306%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwMDAiLCJQljojV2luMzliLCJBTiI6I1haWwiLCJXVCi6Mn0%3D%7C0%7C%7C%7C&sdata=Lu4Xg3AR0WJoJNwVZOHV510Ls7OcdffrpYq4Npzw0fc%3D&reserved=0

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

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Thursday, November 14, 2024 3:06 PM
To: Daisy D. Cruz
Subject: Re: MSRD_Arthaland Corporation_SEC Form 17Q_14Nov2024

Thank you for reaching out to ictdsubmission@sec.gov.ph!

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----- NOTICE TO
COMPANIES -----

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Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fefast.sec.gov.ph%2Fuser%2Flogin&data=05%7C02%7Cddcruz%40arthaland.com%7C240aad4d018c4342f4a508dd047abdaa%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638671647442773889%7CUnknown%7CTWFpbGZsb3d8eyJWljoimc4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6I1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=mgYCrH2hKdVqBVoPPVyzXcuOfoTf72JrEivmKlXk%2Bk%3D&reserved=0>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

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1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link –

<https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fapps010.sec.gov.ph%2F&data=05%7C02%7Cddcruz%40arthaland.com%7C240aad4d018c4342f4a508dd047abdaa%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638671647442796323%7CUnknown%7CTWFpbGZsb3d8eyJWljoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Ikk1haWwiLCJXVCi6Mn0%3D%7C0%7C%7C%7C&sdata=oiYvHVTcgXrgfM0xN8XmNwZ%2Btdy4m3GQ7zW9ueVj%2FPc%3D&reserved=0>

For your information and guidance.

Thank you.

Ma. Eileen Belle G. Cruz

From: PDEX Disclosure <pdex.disclosure@pds.com.ph>
Sent: Thursday, November 14, 2024 4:38 PM
To: Marivic S. Victoria
Cc: Ma. Eileen Belle G. Cruz; Daisy D. Cruz; Margeline C. Hidalgo; Riva Khristine Maala
Subject: Re: [EXTERNAL] Arthaland Disclosure | Quarterly Report (SEC Form 17-Q) September 30, 2024

Ladies and Gentlemen:

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

Regards,

Issuer Compliance & Disclosure Department
Philippine Dealing & Exchange Corp.
29/F, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City
DL: (632) 8884-4415; 4433
E-mail: pdex.disclosure@pds.com.ph

From: Marivic S. Victoria <msvictoria@arthaland.com>
Sent: Thursday, November 14, 2024 4:05 PM
To: PDEX Disclosure <pdex.disclosure@pds.com.ph>
Cc: Ma. Eileen Belle G. Cruz <mebgcruz@arthaland.com>; Daisy D. Cruz <ddcruz@arthaland.com>; Margeline C. Hidalgo <mchidalgo@arthaland.com>; Riva Khristine Maala <rvmaala@arthaland.com>
Subject: [EXTERNAL] Arthaland Disclosure | Quarterly Report (SEC Form 17-Q) September 30, 2024

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ATTY. SUZY CLAIRE R. SELLEZA

Head - Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Subject: [Quarterly Report \(SEC Form 17-Q\) as of September 30, 2024](#)

Ladies and Gentlemen:

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

We trust you find the same in order.

Thank you.

MARIVIC S. VICTORIA
Chief Finance Officer
ARTHALAND CORPORATION
7F Arthaland Century Pacific Tower
5th Avenue Corner 30th Street
Bonifacio Global City
1634 Taguig City Philippines
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ARTHALAND CORPORATION
(Company's Full Name)

7/F ArthaLand Century Pacific Tower, 5th Avenue corner 30th Street
Bonifacio Global City, Taguig City
(Company's Address)

8403-6910
(Telephone Number)

December 31
(Fiscal year ending)
(month & day)

June 30
(Annual Meeting)

SEC FORM 17 – Q QUARTERLY REPORT
(Form Type)

Amendment Designation (If applicable)

September 30, 2024
(Period Ended Date)

(Secondary License Type & File Number)

LCU

(Cashier)

DTU

ASO-94-007160
(SEC Number)

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 11 OF THE
REVISED SECURITIES ACT AND RSA RULE 11(a)-1 (b)(2) THEREUNDER

1. For the quarterly period ended September 30, 2024
2. Commission Identification No. ASO-94-007160
3. BIR TIN 004-450-721-0000
4. Exact name of registrant as specified in its character

ARTHALAND CORPORATION

5. Incorporated in Metro Manila, Philippines on August 10, 1994.
6. Industry Classification Code _____ (SEC Use Only).
7. Address of registrant's principal office Postal Code
**7/F ArthaLand Century Pacific Tower, 5th Avenue corner 30th Street,
Bonifacio Global City, Taguig City** **1634**
8. Registrant's Telephone Number : 8403-6910
9. Former name, former address and former fiscal year, if changed since last report: Not Applicable
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares Outstanding</u>	<u>Amount of Debt Outstanding</u>
Common Shares	5,318,095,199 (₱0.18 par value)	None
Preferred Shares – Series A	12,500,000 (₱1.00 par value)	None
Preferred Shares – Series C	10,000,000 (₱1.00 par value)	None
Preferred Shares – Series D	6,000,000 (₱1.00 par value)	None
Preferred Shares – Series E	1,500,000 (₱1.00 par value)	None

11. Are any or all of the securities listed on the Philippine Stock Exchange?
YES [X] **NO []**

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange – ALL Outstanding Common Shares and Preferred Shares Series D ONLY.

12. Indicate by check mark whether the registrant :
 - (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).
YES [X] **NO []**
 - (b) has been subject to such filing requirements for the past 90 days.
YES [X] **NO []**

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

See attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

See attached.


PART II - OTHER INFORMATION


There are no other information for the period not previously reported in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **ARTHALAND CORPORATION**

Signature and Title : 
JAIME C. GONZÁLEZ
President

Signature and Title : 
MARIVIC S. VICTORIA
Chief Finance Officer

Date : November 05, 2024

ITEM 1. Financial Statements Required under SRC RULE 68.1

1. Basic and Diluted Earnings per Share (See attached Income Statement).
2. The accompanying interim consolidated financial statements of **Arthaland Corporation (ALCO)** were prepared in accordance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS).
3. Notes to Financial Statements:
 - a. The accompanying interim consolidated financial statements of **ALCO** were prepared in accordance with PFRS. The financial statements have been prepared using the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values, and net retirement liability which is carried at the present value of the defined benefit obligation at the end of the reporting period. The interim consolidated financial statements are presented in Philippine Pesos.
 - b. There is no significant seasonality or cycle of interim operations.
 - c. There are no material events subsequent to the end of the interim period not previously reported in SEC form 17-C.
 - d. Except as otherwise disclosed separately and mentioned in the general information in this Report, there are no changes in the composition of the issuer during the interim period including business combinations, acquisition of subsidiaries and long-term investments, restructurings and discontinuing operations.
 - e. There are no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.
 - f. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.
 - g. Except as otherwise disclosed separately and excluding those projects already in ALCO's pipeline as outlined in this Report, there are no other material commitments for capital expenditures since the last annual balance sheet date.
 - h. Except as otherwise disclosed separately and mentioned in the analysis of financial risks in this Report, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There is no foreseen event that will cause a material change in the relationship between costs and revenues.
 - i. There are no material off-balance sheet transactions, arrangements, obligations and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024 AND DECEMBER 31, 2023

		SEPTEMBER 30, 2024 (UNAUDITED)	DECEMBER 31, 2023 (AUDITED)
	Note		
ASSETS			
Cash and cash equivalents	4	₱2,447,622,267	₱5,605,296,553
Financial assets at fair value through profit or loss (FVPL)	5	2,494,503,030	877,853,288
Receivables	6	1,740,602,749	2,211,302,746
Contract assets	7	8,055,625,298	5,608,780,240
Real estate for sale	8	7,148,490,653	7,548,831,703
Investment properties	9	14,163,322,441	13,175,632,447
Property and equipment	10	310,751,469	315,768,669
Net retirement asset	22	-	14,151,768
Other assets	11	2,941,391,425	1,906,428,476
		₱39,302,309,332	₱37,264,045,890
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and other liabilities	14	₱4,492,153,073	₱3,621,061,114
Loans payable	12	13,437,859,670	11,186,817,196
Bonds payable	13	5,951,332,814	5,941,522,413
Contract liabilities	7	414,255,660	198,350,664
Advances from non-controlling interests	15	1,010,119,597	1,102,119,597
Net retirement liability	22	10,451,685	5,145,894
Net deferred tax liabilities	23	2,098,110,284	2,092,857,227
Total Liabilities		27,414,282,783	24,147,874,105
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	999,757,136	1,005,757,136
Additional paid-in capital		4,016,918,972	5,973,360,513
Treasury shares		(1,000,000,000)	(2,000,000,000)
Parent Company's preferred shares held by a subsidiary - at cost		(26,500,000)	(12,500,000)
Retained earnings		5,375,735,829	5,547,760,292
Other equity reserves		216,566,831	216,566,831
		9,582,478,768	10,730,944,772
Non-controlling Interests	15	2,305,547,781	2,385,227,013
Total Equity		11,888,026,549	13,116,171,785
		₱39,302,309,332	₱37,264,045,890

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND 2023

	Note	SEPTEMBER 30, 2024 (UNAUDITED)	SEPTEMBER 30, 2023 (UNAUDITED)
REVENUES	17	₱4,531,038,634	₱4,417,395,411
COST AND EXPENSES	18	3,217,432,863	2,472,620,755
GROSS INCOME		1,313,605,771	1,944,774,656
OPERATING EXPENSES	19	1,035,413,862	989,249,245
INCOME FROM OPERATIONS		278,191,909	955,525,411
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES		1,513,644,438	716,216,644
FINANCE COSTS	20	(1,091,635,477)	(792,744,867)
OTHER INCOME – Net	21	370,136,203	406,313,373
INCOME BEFORE INCOME TAX		1,070,337,073	1,285,310,561
PROVISION FOR INCOME TAX	23	279,851,921	314,035,656
NET INCOME		790,485,152	971,274,905
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		₱790,485,152	₱971,274,905
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		₱593,200,967	₱713,939,278
Non-controlling interests		197,284,185	257,335,627
		₱790,485,152	₱971,274,905
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		₱593,200,967	₱713,939,278
Non-controlling interests		197,284,185	257,335,627
		₱790,485,152	₱971,274,905
EARNINGS PER SHARE	26		
Basic		₱0.0796	₱0.0991
Diluted		₱0.0788	₱0.0981

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	JULY 1 to SEPTEMBER 30, 2024 (UNAUDITED)	JULY 1 to SEPTEMBER 30, 2023 (UNAUDITED)
REVENUES	₱1,959,926,830	₱1,045,569,271
COST AND EXPENSES	1,484,131,463	639,511,814
GROSS INCOME	475,795,367	406,057,457
OPERATING EXPENSES	372,457,777	320,888,864
INCOME FROM OPERATIONS	103,337,590	85,168,593
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	635,845,729	-
FINANCE COSTS	(378,506,824)	(267,480,591)
OTHER INCOME – Net	72,376,851	267,524,387
INCOME BEFORE INCOME TAX	433,053,346	85,212,389
PROVISION FOR INCOME TAX	109,432,281	18,324,901
NET INCOME	323,621,065	66,887,488
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	₱323,621,065	₱66,887,488
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	₱320,154,527	₱15,767,220
Non-controlling interests	3,466,538	51,120,268
	₱323,621,065	₱66,887,488
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	₱320,154,527	₱15,767,220
Non-controlling interests	3,466,538	51,120,268
	₱323,621,065	₱66,887,488
EARNINGS PER SHARE		
Basic	₱0.0485	(₱0.0088)
Diluted	₱0.0480	(₱0.0087)

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND 2023

	Note	SEPTEMBER 30, 2024 (UNAUDITED)	SEPTEMBER 30, 2023 (UNAUDITED)
CAPITAL STOCK			
Common - at ₱0.18 par value	16		
Issued and outstanding		₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value			
Balance at beginning of period		48,500,000	48,500,000
Issuance of preferred shares		14,000,000	-
Retirement of shares		(20,000,000)	
Balance at end of period		42,500,000	48,500,000
		999,757,136	1,005,757,136
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period	16	5,973,360,513	5,973,360,513
Retirement of shares		(1,956,441,541)	-
Balance at end of period		4,016,918,972	5,973,360,513
TREASURY STOCK – at cost	16	(1,000,000,000)	(2,000,000,000)
PARENT COMPANY’S PREFERRED SHARES HELD BY A SUBSIDIARY - at cost	16	(26,500,000)	(12,500,000)
RETAINED EARNINGS			
Balance at beginning of period	16	5,547,760,292	4,912,544,253
Adjustment on change in accounting policies	2	(508,211,829)	-
Balance at beginning of period, as restated		5,039,548,463	4,912,544,253
Net income for the period		593,200,967	713,939,278
Retirement of shares		(23,558,459)	--
Dividends declared during the period		(233,455,142)	(250,774,142)
Balance at end of period		5,375,735,829	5,375,709,389
OTHER EQUITY RESERVES			
Balance at beginning and end of period	16	216,566,831	221,696,435
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
		₱9,582,478,768	₱10,564,023,473
NON-CONTROLLING INTERESTS			
Balance at beginning of period	15	2,385,227,013	1,959,452,593
Adjustment on change in accounting policies	2	(125,757,736)	-
Balance at beginning of period, as restated		2,259,469,277	1,959,452,593
Subscription to a subsidiary during the period		30,000,000	1,909,640,700
Share in net income for the period		197,284,185	257,335,627
Increase (decrease) in deposits for future stock subscription for the period		14,794,319	(1,704,731,639)
Dividends declared during the period		(196,000,000)	(212,000,000)
Balance at end of period		2,305,547,781	2,209,697,281
		₱11,888,026,549	₱12,773,720,754

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024 AND 2023

	Note	SEPTEMBER 30, 2024 (UNAUDITED)	SEPTEMBER 30, 2023 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱1,070,337,073	₱1,285,310,561
Adjustments for:			
Gain on change in FV of investment properties	9	(1,513,644,438)	(716,216,644)
Interest expense	20	1,088,484,740	775,287,621
Interest income	21	(217,573,557)	(207,229,488)
Gain on sale of investment property	21	(47,244,161)	(1,198,576)
Realized holding gains	21	(53,725,728)	(51,074,892)
Depreciation and amortization	19	50,425,940	48,200,538
Retirement expense	22	19,457,559	13,057,915
Unrealized holding gains (loss)	21	(11,999,799)	(6,618,347)
Amortization of initial direct leasing costs		3,272,457	3,824,041
Loss on sale of property and equipment	21	-	1,155,355
Foreign exchange losses (gains)	21	780,403	(5,410,640)
Operating income before working capital changes		388,570,489	1,139,087,444
Decrease (increase) in:			
Receivables		173,914,283	250,738,617
Contract assets		(2,446,845,058)	(329,357,583)
Real estate for sale		103,869,749	327,522,247
Other assets		(651,269,507)	145,253,116
Increase (decrease) in:			
Accounts payable and other liabilities		808,287,649	222,960,201
Contract liabilities		215,904,996	(75,357,140)
Net cash generated from (used for) operations		(1,407,567,400)	1,680,846,902
Interest paid		(1,066,051,945)	(753,691,537)
Interest received	21	217,573,557	207,229,488
Income taxes paid		(170,223,976)	(329,391,324)
Net cash provided by (used in) operating activities		(2,426,269,764)	804,993,529
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties		47,244,165	26,777,400
Proceeds from disposal of (additions to) financial assets at FVPL – net		(1,550,924,215)	506,994,185
Additions to investment properties		-	(3,788,852)
Additions to property and equipment	10	(42,284,172)	(35,827,337)
Net cash provided by (used in) investing activities		(1,545,964,222)	494,155,396
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable		7,301,305,670	6,200,730,388
Payment of loans payable		(5,062,885,589)	(6,361,855,495)
Sale of interest in a subsidiary		30,000,000	-
Payment of advances from subsidiary		(92,000,000)	-
Payment of dividends		(375,874,297)	(620,181,732)
Redemption of preferred shares		(1,000,000,000)	-
Proceeds from deposits for future stock subscription from non-controlling interest		14,794,319	204,909,061
Net cash provided by (used in) financing activities		815,340,103	(576,397,778)
NET EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS			
		(780,403)	5,410,640
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		(3,157,674,286)	728,161,787
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		5,605,296,553	4,796,293,662
CASH AND CASH EQUIVALENTS AT END OF PERIOD		₱2,447,622,267	₱5,524,455,449

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Corporate Information

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

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

In January 2020, the SEC approved the registration of ALCO's ₱6.0 billion ASEAN Green Bonds (the Bonds). The initial tranche of ₱2.0 billion of said bonds with an oversubscription option of ₱1.0 billion were issued on February 6, 2020. In December 2022, the SEC approved the offer supplement for the second tranche amounting to ₱2.4 billion with an oversubscription of up to ₱0.6 billion (see Note 13).

In December 2021, the Parent Company had a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series D preferred shares with ₱1.00 par value at the issue price of ₱500 per share (see Note 16).

Moreover, around the same period, the Parent Company redeemed all the outstanding 20.0 million Series B preferred shares equal to its offer price plus any accrued and unpaid cash dividends due as of the redemption date. Thus, on June 24, 2022, the stockholders of the Parent Company approved the amendment of its Articles of Incorporation for purposes of decreasing the authorized capital stock by ₱20.0 with the cancellation of the 20.0 million Series B preferred shares.

On December 13, 2023, the Board of Directors of the Parent Company approved the amendment of the Articles of Incorporation to increase its authorized capital stock by ₱50.0 million and endorsed the same for approval by the stockholders during the Special Stockholders' Meeting convened on January 31, 2024 (see Note 16).

On May 8, 2024, the BOD of the Parent Company approved the redemption on June 27, 2024 of all the outstanding Series C Preferred Shares as of the record date of June 3, 2024 at the redemption price equivalent to the offer price, or ₱100 per share, plus accrued and unpaid cash dividends due as of said date, less transfer costs customarily chargeable to stockholders, as applicable (see Note 16).

On 14 August 2024, the SEC approved the Parent Company's amendment of the Articles of Incorporation to decrease the authorized capital stock by P20.0 million with the cancellation of Series B preferred shares and increase by P50.0 million preferred shares with a par value of P1.00 per share.

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

Composition of the Group

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

Subsidiary	Place of Incorporation	Effective Percentage of Ownership		
		2024	2023	2022
Cazneau, Inc. (Cazneau)	Philippines	100%	100%	100%
Arthaland Property Prestige Solutions, Inc. (APPS) ¹	Philippines	100%	100%	100%
Manchesterland Properties, Inc. (MPI)	Philippines	100%	100%	100%
Urban Property Holdings, Inc. (UPHI)	Philippines	100%	100%	100%
Zileya Land Development Corporation (ZLDC)	Philippines	100%	100%	100%
Pradhana Land, Inc. (PLI)	Philippines	100%	100%	100%
Cebu Lavana Land Corp. (CLLC)	Philippines	100%	100%	100%
Sotern Land Corporation (Sotern) ²	Philippines	100%	-	
Bhavana Properties, Inc. (Bhavana)	Philippines	60%	60%	60%
Bhavya Properties, Inc. (Bhavya)	Philippines	60%	60%	60%
Kashtha Holdings, Inc. (KHI)	Philippines	60%	60%	60%
Savya Land Development Corporation (SLDC)	Philippines	59%*	59%*	59%*

*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.

In March 2018, the Parent Company and Help Holdings Inc. (HHI) (collectively referred to as the Parties) entered into an agreement (the Agreement) to jointly develop the adjacent lots (the Property) of SLDC and Arcosouth Development Inc. (ADI), the subsidiary of HHI, aggregating 5,991 square meters (sqm) located in Arca South, Taguig City. The Parties agreed, among others to merge SLDC and Arcosouth into a single corporation, with SLDC as the surviving entity. The merger of SLDC and Arcosouth was approved by the SEC on August 22, 2019.

Also in August 2019, ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan, have agreed to invest in, establish and maintain a joint venture company to be owned 60% by ALCO and 40% by MEC which will (i) acquire and, thereafter, own and hold the 50% ownership in SLDC, and (ii) acquire by assignment the shareholder's advances made by ALCO to SLDC. On October 1, 2019, ALCO incorporated KHI as the designated joint venture company.

In 2020, ALCO transferred all of its shares in SLDC, representing 98% ownership over SLDC, to KHI. In June 2020, ALCO sold 5 million common shares in KHI with a total par value of ₱5.0 million, representing 40% ownership over KHI, to MEC for ₱275.0 million. The transfer of KHI's shares decreased the effective ownership of ALCO over SLDC from 98% to 59%.

In 2019, the Parent Company subscribed to 100% shares of Bhavana, Bhavya and PLI. In December 2021, the Parent Company sold, transferred and conveyed 10.0 million common shares each of Bhavana and Bhavya representing 40% ownership and voting rights, as well as the Parent Company's shareholder advances, to Narra Properties Investment PTE. LTD (Narra), a corporation duly organized and existing under the laws of Singapore (see Note 15).

Also, in December 2021, the Parent Company purchased 214,351 common shares and 118,982 preferred shares representing 40% of the ownership and voting rights of CLLC for ₱113.2 million from Rock and Salt B.V. (RSBV) resulting to 100% ownership in CLLC (see Note 15).

In November 2023, the Parent Company and Narra subscribed to preferred shares of Bhavya equivalent to 663,000 and 442,000, respectively, at the subscription price of ₱100.00 per share.

¹ The SEC approved the change of name from Emera Property Management, Inc. on 25 May 2023

² Sotern Land Corporation was incorporated on 22 April 2024

The Parent Company also subscribed during the same period to an additional 7,500 common shares of APPS from its unissued authorized capital stock and to 60,000 common shares from the increase of its authorized capital stock of 240,000 common shares, or a total of 67,500 common shares, at a subscription price of ₱100.00 per share.

On March 20, 2024, the BOD of the Parent Company approved its subscription to 450,000 preferred shares of Bhavya at the price of ₱100.00 per share, or a total of ₱45.0 million.

On May 8, 2024, the BOD of the Parent Company approved the incorporation of Sotern and the subscription to 25.0 million common shares at ₱1.00 per share, or a total of ₱25.0 million. This wholly-owned subsidiary will be used for the acquisition of a property.

On June 28, 2024, the BOD of the Parent Company approved its subscription to 6.25 million preferred shares of Cazneau at a subscription price of ₱4.00 per share or a total of ₱25.0 million, to be issued from the proposed increase of Cazneau's authorized capital stock by 25.0 million redeemable, non-cumulative, non-voting, and non-participating preferred shares with a par value of ₱1.00 per share. The application to amend the Articles of Incorporation of Cazneau to increase its authorized capital stock was filed with the SEC in August 2024 and remains pending to date.

On August 6, 2024, the BOD of the Parent Company approved its subscription to 5.0 million preferred shares of Sotern at the subscription price of ₱100.00 per share, or a total of ₱500.0 million.

Major Projects

ALCO's first major development project is the Arya Residences Towers 1 and 2 (Arya Residences) located in BGC, Taguig City. Arya Residences is the first top-market residential condominium development in the Philippines to be awarded with Leadership in Energy and Environmental Design™ (LEED™) Gold certification by the US Green Building Council (USGBC) and Building for Ecologically Responsive Design Excellence (BERDE) 4-Star rating by the Philippine Green Building Council (PHILGBC). In 2020, the building earned its Advancing Net Zero 3-Star certification from PHILGBC. Under the Advancing Net Zero Energy rating scheme, the project demonstrated a holistic approach to conservation and optimization of the energy use reducing the overall demand and using renewable energy for the operational energy consumption of the project. Arya Residences was completed on December 31, 2016.

In 2014, the Parent Company started the construction of Arthaland Century Pacific Tower (ACPT) in BGC, ALCO's flagship office project. ACPT is a 30-storey AAA-grade office building designed by Skidmore, Owings & Merrill (SOM), the same group who penned One World Trade Center and Burj Khalifa in Dubai. ACPT secured LEED Platinum and BERDE 5-star certification in 2018. ACPT became the first office building in the Philippines to secure the dual certification of the highest rating, USGBC's LEED Platinum and PHILGBC's BERDE as 5-star rated. It is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 23) and was completed in the 1st quarter of 2019.

In 2019, the International Finance Corporation (IFC), a member of the World Bank Group, recognized ACPT as the world's first Zero Carbon certified building under its EDGE green building rating system. Zero Carbon status is awarded to EDGE-certified projects that have offset 100% of their operational emissions and have reached at least 40% energy savings onsite compared to a base case building. This recognition is in addition to its LEED and BERDE certifications achieved previously. From 2020 until to-date, ACPT was awarded with the WELL™ Health-Safety Rating (HSR) seal by the International WELL Building Institute™ (IWBI™) which certifies the building's safe operations even during the global pandemic. Also in 2020, the building earned its Advancing Net Zero Energy certification from PHILGBC.

In 2016, CLLC commenced the development of Cebu Exchange, a 38-storey office building in Barangay Lahug, Cebu City. Completed in 2023, Cebu Exchange was awarded LEED Gold, EDGE Advanced, BERDE 5-Star, and WELL precertification. The project is on track for its EDGE Zero Carbon certification. Aside from being a world-class workplace, Cebu Exchange is also envisioned to

be a complete ecosystem with four retail floors for the convenience of its occupants. With a gross floor area of 108,564 sqm, Cebu Exchange boasts of being the largest multi-certified green and healthy building in the country.

In 2018, Cazneau started the construction of the first phase of Sevina Park, an integrated community project in an eight-hectare property in Laguna. The initial development called Courtyard Hall, covering the first 4,000 sqm of the property, is a campus-type or dormitory-type residential community (see Note 10). This was completed in June 2019. Also, in June 2019, Cazneau launched the Sevina Park Villas at Sevina Park which cater to students and faculty population, and starter families within the area. The entire project, which will include retail spaces, is expected to be completed in phases from 2022 onwards.

Sevina Park is recognized as the first and only real estate development in the Philippines to have received the LEED Platinum under the LEED for Neighborhood Development (LEED ND) and LEED Platinum under LEED for Homes categories. Likewise, Sevina Park Villas turnover units (Villa typologies 138, 162, and 182) are on track to EDGE Advanced certification. Additionally, the LEED Gold certifications for the Villa-182 turnover units are also on track. In 2022, PHILGBC certified the project BERDE 5-Star under its BERDE for District green building rating tool.

In December 2018, ZLDC acquired about 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District. On this site, the Company plans to develop a high-rise luxury, sustainable, multi-certified residential property. The project, which is hereinafter referred to as Makati CBD Residential Project 1, is expected to be launched by the fourth quarter of 2025.

In February 2019, SLDC launched the development of Savya Financial Center. This project comprises two office towers with a gross floor area of 59,763 sqm and located in Arca South, Taguig City. The North and South Towers (of the Savya Financial Tower) were substantially completed in 2023. Savya Financial Center's North Tower was launched for pre-selling in February 2019. The project received LEED Gold precertification in 2019, WELL precertification in 2021, and has recently earned WiredScore Gold Certification in 2024. It is on-track to achieve BERDE and EDGE Zero Carbon certifications.

In November 2022, Bhavya launched the development of Eluria located inside the Makati Central Business District. Eluria is a low-density, multi-certified, ultra-luxury development that will offer large, limited edition designer residences. Once completed, its future residents will enjoy exceptional white glove butler services. This project offers only 37 residential units and will have a total gross floor area of approximately 14,600 sqm and was formally launched in 2022. The project was pre-certified LEED Gold in 2020 and is on track for its EDGE, WELL, and BERDE certifications. It is expected to be completed by 2025.

In July 2021, Bhavana launched the development of Lucima. The property will be developed into the first and only premiere, multi-certified, sustainable high-rise development located in Cebu Business Park at the Corner of Samar Loop Road and Ayala, Hipodromo, Cebu City. Lucima will rise on a 2,245 sqm tract of land with approximately 28,000 sqm of GFA and 265 residential units. The project was awarded LEED Gold precertification in 2020 and is on-track to achieve BERDE, EDGE, and WELL certifications. Handover to buyers will commence within the fourth quarter of 2024.

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

ALCO is in the final phase of the acquisition of a property with a gross land area of 3.6 hectares located at the entry of one of the most prime CBDs in Metro Manila. The general area of the property is expected

to benefit substantially from upcoming public infrastructure. The property is expected to result in 2.6 hectares of land, net of road lots. ALCO intends to complete the acquisition in phases which will allow it to manage funding requirements over time. ALCO plans to develop the property into a boutique master planned mixed-use community. The development is envisioned to have quadruple certification from LEED, BERDE, EDGE and WELL certification programs of the USGBC, PGBC, IFC and Well Institute. Based on initial plans, the Project will feature twelve residential towers that will cater to both the upscale and midscale markets as well as some retail or commercial segment to support the residents of the area. This project is expected to support ALCO's objective of maintaining a continuous pipeline of projects by scheduling the launch of the twelve residential towers in phases from 2025 to 2038. Completion will likewise be done in phases between 2025 to 2038 and subsequently completed beginning 2029 for the first tower.

ALCO is acquiring a 3,700 sqm residential property located in northern Metro Manila within the vicinity of major universities. ALCO intends to develop the property, which is envisioned to be a sustainable two-tower, high rise residential condominium. The first tower is targeted for launch in Q2 2025. Completion of the first tower is expected in 2029 while the second tower is expected to be completed in 2031.

Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements of the Group as at and for the nine (9) months ended September 30, 2024 were approved and authorized for issue by the Board of Directors (BOD) on November 05, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim consolidated financial statements as of September 30, 2024 and December 31, 2023 and for the nine months ended September 30, 2024 and 2023 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2023.

Measurement Bases

The interim consolidated financial statements are presented in Philippine Peso, the Group's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Group operates. All values are stated in absolute amounts, unless otherwise indicated.

The interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for fair value through profit or loss (FVPL) and investment properties that are carried at fair values and net retirement liability which is carried at the present value of the defined benefit obligation at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets and fair value consideration received in exchange for incurring liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer or the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or

liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 3 - Significant Accounting Judgments, Estimates and Assumptions
- Note 5 - Financial Assets at FVPL
- Note 9 - Investment Properties
- Note 27 - Fair Value Measurement

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting period during which the change occurred.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS which the Group adopted effective beginning on or after January 1, 2024. Unless otherwise indicated, adoption of these new standards did not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. (See note 12 and 13) The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.
- *IFRIC Agenda Decision Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for the Real Estate Industry* – In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of International Financial Reporting Standards 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On December 15, 2020, the SEC issued SEC MC No. 34, Series of 2020, which extended the relief on the application of the IFRIC Agenda Decision provided to the real estate industry until December 31, 2023. The Group availed of the SEC relief with respect to accounting for borrowing costs. Had the Group opted to adopt in full the guidance provided in the IFRIC Agenda Decision on over time transfer of constructed goods, borrowing costs would have been recognized as expense when incurred.

The Group followed the allowed modified retrospective approach to adjust the beginning balance of Retained earnings in 2024.

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

On December 15, 2020, the SEC issued SEC MC No. 34-2020 which provided relief to the real estate industry by deferring the application of “exclusion of land in calculation of POC as discussed in PIC Q&A 2018-12-E” until December 31, 2023. The Group availed of the SEC relief with respect to accounting treatment of land in the determination of the POC. Had the Group opted to adopt PIC Q&A 2018-12-E, there would have been a decrease in revenue from real estate sales because of a lower POC rate.

The Group followed the allowed modified retrospective approach to adjust the beginning balance of Retained earnings in 2024.

The adjustment on the 2024 beginning balance of Retained earnings is a decrease of P634.0 million as the overall impact of the adoption of the requirement of PIC Q&A 2018-12-E on exclusion of land in calculation of POC and on IFRIC Agenda Decision on non-capitalization of borrowing cost.

- PIC Q&A 2018-12-D, PFRS 15, Implementing Issues Affecting the Real Estate Industry (as amended by PIC Q&A 2020-4) – On December 15, 2020, the SEC issued SEC MC No. 34-2020 which provided relief to the real estate industry by deferring the application of “assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (with an addendum in PIC Q&A 2020-04)” until December 31, 2023. The Group availed of the SEC relief with respect to accounting for significant financing component. Had the Group opted to adopt PIC Q&A 2018-12-D as amended by PIC Q&A 2020-4, the Group may have to recognize interest expense (income) if the buyers’ payments are higher (lower) than the POC rate.

In the first nine months of 2024, the Group assessed that the overall impact of the adoption of the requirement of PIC Q&A No. 2018-12-D pertaining to significant financing component is not material. The Group will continue to assess and determine if the significant financing component is material and for recognition.

Amended PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted

Relevant amended PFRS and PIC issuances, which are not yet effective and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- PFRS 17, *Insurance Contracts* - PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The new standard is not applicable to the Group since none of the entities within the Group has activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS and PIC issuances, Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

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

- power over investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee affect its returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

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

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

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

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction costs.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss.

In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at September 30, 2024 and December 31, 2023, the Group does not have financial assets at FVOCI and financial liabilities at FVPL.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at September 30, 2024 and December 31, 2023, the Group classified its investments in money market fund under this category (see Note 5).

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at September 30, 2024 and December 31, 2023, the Group’s contract assets, cash in banks, cash equivalents, receivables (excluding accrued rent under straight-line basis of accounting), amounts held in escrow, and deposits are classified under this category (see Notes 4, 6, 7 and 11).

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation

other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at September 30, 2024 and December 31, 2023, the Group's loans and bonds payable, accounts payable and other liabilities (excluding statutory payables, payable to customers and advance rent), contract liabilities are classified under this category (see Notes 7, 12, 13 and 14).

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables and contract assets, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Classification of Assets and Liabilities between Current and Noncurrent

The Group presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to consolidated financial statements (See Note 28).

Current Assets. The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Group will classify all other assets as noncurrent.

Current Liabilities. The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Group will classify all other liabilities as noncurrent.

Cost to Obtain a Contract with a Customer

The Group recognizes an asset for the incremental cost of obtaining a contract with a customer if the Group expects to recover those costs. Otherwise, those costs are recognized as expense when incurred. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract such as, but not limited to, sales commissions paid to sales agents and nonrefundable direct taxes incurred in obtaining a contract.

Contract Balances

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

Receivables from Sale of Real Estate. A receivable from sale of real estate represents the Group's right to a consideration that is unconditional. A right to a consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract Liabilities. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received a consideration from the customer. If a customer pays a consideration before the Group transfers goods to the customer, a contract liability is recognized

when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

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 costs of improving the properties up to the reporting date. Directly attributable costs include amounts paid to contractors, borrowing costs, 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. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. When borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Investment Properties

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

The Group uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using market data approach, income approach and cost approach by an independent real estate appraiser. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of

these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

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

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

Property and Equipment

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

The initial cost of property and equipment consists of the purchase price, including import duties, borrowing costs (during the construction period) and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

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 and other equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3 to 5
Right of use asset	3 to 5

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

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

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and available for operational use.

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

Other Assets

Other assets include input value-added tax (VAT), advances for project development, creditable withholding taxes (CWT), amounts held in escrow (classified as financial assets), prepayments, deposits (classified as financial assets), deferred input VAT, and materials and supplies.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other assets" or "Accounts payable and other liabilities" accounts, respectively, in the consolidated statements of financial position.

Creditable Withholding Taxes (CWT). CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

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

Advances for Asset Purchase. Advances for asset purchase are recognized whenever the Company pays in advance for land. These are measured at transaction price less impairment in value, if any.

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

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT represents the unamortized amount of input VAT on capital goods. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

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.

Materials and Supplies. The Group recorded as assets several excess construction materials and supplies from the completed construction of its projects. Materials and supplies are stated at lower of cost and NRV.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Group. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Payable to Customers

Payable to customers consist of amounts received by the Group from its tenants as reservation fee for lease or downpayments received from prospective buyers. These are recorded at face amount in the consolidated statements of financial position. These will be applied as security deposits upon execution of the lease contracts or against the total contract price of the real estate sale upon execution of contract to sell.

Advance Rent

Advance rent are initially recognized at the value of cash received, and will generally be applied as lease payments to the immediately succeeding months or in the last three (3) months of the lease term.

Capital Stock

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

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

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

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

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

Retained Earnings

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

Other Comprehensive Income

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

Parent Company's Shares Held by a Subsidiary

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

Non-controlling Interests

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are within equity presented in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of income and consolidated statements of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

Basic and Diluted Earnings Per Share (EPS)

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

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

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer in an amount that reflects the consideration to which the Group expected to be entitled in exchange for those goods and services.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group 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.

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

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

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

As of September 30, 2024, The Group adopted the application guidelines of the provisions of the PIC Q&A No. 2018-12 (*as amended by PIC Q&A 2020-05*) with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the computation of POC.

Accordingly, the consideration is not adjusted for the effects of the time value of money, and the total cost incurred and total estimated cost to complete including the cost of land.

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

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

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

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

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

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

Cost and Expenses Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales. Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works.

Cost of Leasing Operations. Cost of leasing operations, which constitute direct cost incurred in relation to the leasing of properties of the Group which includes ACPT, Cazneau's dormitory units and MPI's commercial units, is recognized as expense when incurred.

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

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

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

Share-based Compensation

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

Leases

The Group assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset;
- and,
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

The Group as a Lessor. Leases where the Group retains substantially all the risks and benefits 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.

Employee Benefits

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

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

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

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

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

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

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

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

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

Foreign Currency - Denominated Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at reporting date. Resulting exchange differences arising on the settlement of or on translating such monetary assets and liabilities are recognized in profit or loss.

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 carryforwards of unused MCIT and NOLCO can be utilized.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would

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

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

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

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

Related Party Transactions

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

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

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

The key management personnel of the Group are also considered to be related parties.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 29 to the interim consolidated financial statements.

Provisions and Contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is

recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

Events After the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

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

Determining Functional Currency. Based on management's assessment, the functional currency of the Group has been determined to be Philippine Peso, the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the operations of the Group.

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

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that by virtue of the Parent Company's majority ownership of voting rights in its subsidiaries as at September 30, 2024 and December 31, 2023, it has the ability to exercise control over these investees.

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

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

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

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

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

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

Determining Lease Commitments - Group as Lessor. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

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

Assessing Provisions and Contingencies. The Group 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 consolidated 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

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

Recognizing Revenue and Cost of Real Estate Sales. The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported

amounts of revenue and cost. Revenue and cost of sale of real estate recognized based on POC are measured principally based on the costs incurred up until the end of the reporting period at a proportion of total costs expected to be incurred.

Estimating Fair Value of Investment Properties. Investment properties are measured at fair values. The Group 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, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 9 to the consolidated financial statements.

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

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

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

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

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

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

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

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

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

- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

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

Determining Fair Value of Investment in Money Market Fund. The Group classifies its investment in money market fund as financial asset at FVPL in the consolidated statements of financial position. The Group determined the fair value of investment in money market fund 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.

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

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Estimating Retirement Expense. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 22 to the consolidated financial statements and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

Assessing Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused MCIT and NOLCO

is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, only a portion of deferred tax assets was recognized.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	September 2024	December 2023
Cash on hand	185,000	185,000
Cash in bank	624,530,331	1,672,414,790
Cash equivalents	1,822,906,936	3,932,696,763
	2,447,622,267	5,605,296,553

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

5. FINANCIAL ASSETS AT FVPL

Financial assets at FVPL amounting to ₱2,494.5 million and ₱877.9 million as at September 30, 2024 and December 31, 2023, respectively, represent units of participation in money market fund-

Financial assets at FVPL include unrealized gains amounting to ₱12.0 million and ₱6.6 million for the nine months ended September 30, 2024 and 2023, respectively, and included as part of "Other income" account in the interim consolidated statements of comprehensive income. Realized gain on disposals of financial assets at FVPL amounted to ₱53.7 million and ₱51.1 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 21).

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

6. RECEIVABLES

This account consists of:

	September 2024	December 2023
Trade receivables from:		
Sale of real estate	981,115,922	1,516,515,928
Leasing	191,946,624	170,407,706
Due from related parties	91,830,470	43,082,172
Interest receivable	65,369,571	68,050,847
Accrued rent receivables	47,283,670	39,399,432
Advances to employees	25,635,994	13,817,499
Other receivables	339,167,288	361,775,952
	1,742,349,539	2,213,049,536
Allowance for ECL	(1,746,790)	(1,746,790)
	1,740,602,749	2,211,302,746

The aging analysis of receivables are shown below:

	Neither Past Due nor Impaired	Past Due but Not Impaired			Past due and impaired	TOTAL
		Within 6 months	7 months to 1 year	More than 1 year		
Receivables	1,558,534,710	286,840,338	105,247,089	85,019,536	1,746,790	2,037,388,463

Trade receivables from sale of real estate pertain to receivables from sale of condominium units, retail units, lots and residential townhouses that were already billed. These receivables are noninterest-bearing and generally collectible within sixty (60) days. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Trade receivables from leasing operations are noninterest-bearing, unsecured and collectible within thirty (30) days.

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

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.

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

Other receivables mainly include other charges and advances which are noninterest-bearing and collectible on demand.

Provision for ECL amounting to ₱1.7 million was recognized in 2022 and recorded as part of "Others" under "Operating expenses" in the consolidated statements of comprehensive income.

7. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	September 2024	December 2023
Contract assets	8,055,625,298	5,608,780,240
Contract liabilities	414,255,660	198,350,664
Net contract assets	7,641,369,638	5,410,429,576

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

Contract liabilities pertain to downpayments received from the real estate buyers at the inception of the contracts in which the related revenue is not yet recognized as at September 30, 2024 and December 31, 2023.

8. REAL ESTATE FOR SALE

This account consists of:

	September 2024	December 2023
Land	1,363,713,405	4,657,482,900
Assets under construction	1,866,756,445	1,610,620,833
Office units for sale	3,918,020,803	1,280,727,970
	7,148,490,653	7,548,831,703

Land

Land acquired by the Group for future development projects that are intended for sale.

In June 2024, Cazneau transferred commercial lots from “Investment Property” to “Real estate for sale” account with fair value of ₱501.0 million because of the change in the intended use of the property as approved by the BOD.

Assets under Construction

Assets under construction consist of land and development costs of ongoing real estate projects of the Group. As at September 30, 2024, this account includes the land and development costs of Sevina Park Villas and Una Apartments, Lucima Residences and Eluria (see Note 1).

In December 2023, the BOD of SLDC, in line with management objective to increase SLDC’s recurring income, approved to keep 4,197.33 sqm of Savya Financial Center office units with 50 appurtenant parking slots as leasing assets of SLDC. This was reclassified from “Real estate for sale” account to “Investment properties” account aggregating P485.4 million.

In September 2023, CLCC board approved the reclassification of additional office units with parking slots for lease to further increase CLCC’s recurring income. This was reclassified from “Real estate for sale” account to “Investment properties” account aggregating ₱453.8 million. Consequently, the corporation’s leasing assets to date consists of 16,003 square meters of office and retail units together with 118 appurtenant and 36 non-appurtenant parking slots.

The land of Lucima Residences with carrying amount of ₱794.5 million as at September 30, 2024 are used as security for the bank loan of Bhavana with outstanding balance of ₱902.1 million and ₱925.4 million as at September 30, 2024 and December 31, 2023, respectively.

Office Units for Sale

The carrying amount of these assets were transferred from the cost of Land and Assets under construction to Office units for sale following completion of projects.

Repossessions arising from cancellation of sales due to buyer’s default in payments represent previously sold units which were recorded back as “Real estate for sale”. These are recorded at fair value less cost to repossess and are held for sale in the ordinary course of business. Gain on repossession amounted to ₱43.4 million and ₱61.6 million in September 30, 2024 and 2023, respectively, recorded under “Other Income - net” account in the interim consolidated statements of comprehensive income (see Note 21).

NRV of Real Estate for Sale

Real estate for sale is stated at cost which is lower than its NRV and there is no allowance for inventory obsolescence as at as at September 30, 2024 and December 31, 2023.

9. INVESTMENT PROPERTIES

This account consists of:

	September 2024	December 2023
Arthaland Century Pacific Tower (ACPT)	7,060,208,964	6,493,588,314
Cebu Exchange	2,979,487,075	2,831,538,845
Arya Residences:		
Commercial units	1,349,102,000	1,292,328,999
Parking slots	185,883,078	184,531,620
Land:		
UPHI’s Laguna and Tagaytay properties	1,045,071,353	829,421,708

	September 2024	December 2023
Cazneau’s retail lots	-	445,547,740
ALCO’s Batangas and Tagaytay properties	313,725,628	216,961,878
Savya Financial Center	739,000,000	517,000,000
Courtyard Hall	490,844,343	364,713,343
	14,163,322,441	13,175,632,447

ACPT

Carrying amount of ACPT includes office units and parking slots for lease. ACPT is used as collateral for loans payable amounting to ₱797.5 million and ₱1,094.7 million as at September 30, 2024 and December 31, 2023, respectively (see Note 12).

Cebu Exchange

The carrying amount of Cebu Exchange includes office and retail units and parking slots for lease. In 2023, CLLC transferred additional portion of investment properties amounting to ₱453.8 million from “Real estate for sale” account to “Investment properties” account due to change of intention in the use of the property as approved by the BOD (see Note 8).

Arya Residences’ Commercial Units and Parking Slots

Commercial units and parking slots in Arya Residences are used for leasing operations.

Land

UPHI’s raw land, with fair value amounting to ₱1,045.1 million and ₱829.4 million as at September 30, 2024 and December 31, 2023, respectively, has a total area of 33 hectares and are located at Barangay Gonzalo Bontog, Calamba City and Barangay Calabuso, Tagaytay City. A portion of the UPHI’s raw land was the subject of expropriation proceedings filed by the National Power Corporation (NAPOCOR) with the Regional Trial Court of Calamba City, Laguna. The other parties to the case filed their respective appeals with the Court of Appeals (CA) assailing the amount of just compensation determined by the trial court. UPHI, however, intends to amicably settle with the National Transmission Commission (NTC), the successor-in-interest of NAPOCOR, since UPHI had already been deprived of effective use and enjoyment of the property. Management assessed that although the potential effect of this case on the Group’s consolidated financial statements would not be significant, an amicable settlement with NTC could allow UPHI to recoup the cost of the portion of the property lost.

Moreover, a complaint for quieting of title was filed by UPHI on October 18, 2010 because of the erroneous issuance of tax declarations by the City of Tagaytay covering UPHI’s property located in Calamba City, Laguna. In June 2020, the case was decided by the trial court in favor of UPHI. The losing defendants in the case filed their respective appeals with the CA. In a Resolution dated July 31, 2023, the CA found that the trial court did not err in its decision and denied the appeals of the City of Tagaytay and the lone individual appellant. Further, on February 15, 2024, their respective Motions for Reconsideration were likewise denied.

Raw land of the Parent Company has a total area of 10.3 hectares located in Batangas and Tagaytay with fair value aggregating to ₱313.7 million and ₱217.0 million as at September 30, 2024 and December 31, 2023, respectively.

In June 2024, Cazneau transferred commercial lots from “Investment Property” to “Real estate for sale” account with fair value of ₱501.0 million because of the change in the intended use of the property as approved by the BOD.

Savya Financial Center

The carrying amount of Savya Financial Center includes office units and parking slots for lease. In 2023,

SLDC transferred portion of investment properties amounting to ₱485.4 million from “Real estate for sale” account to “Investment properties” account due to change of intention in the use of the property as approved by the BOD (see Note 8).

Courtyard Hall

Courtyard Hall of Cazneau used for leasing operations were recognized at fair value amounting to ₱490.8 million and ₱364.7 million as at September 30, 2024 and December 31, 2023, respectively.

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 September 30, 2024, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

Class of Property	Valuation Technique	Significant Inputs	September 2024	December 2023
ACPT	Discounted cash flow approach (DCF)	Rental rate for an office unit per square meter (sqm)	₱1,904	₱1,800
		Rental rate per parking slot	₱8,888	₱8,250
		Discount rate	8.81%	8.97%
		Vacancy rate	-	-
		Calculated no. of net leasable area (total sqm)	18,059	18,059
		Income tax rate	25%	25%
Cebu Exchange: Retail units	Discounted cash flow approach	Rental rate per square meter (sqm)	₱1,389	₱1,323
		Rent escalation rate per annum (p.a.)	5%	5%
		Discount rate	8.81%	8.97%
		Vacancy rate	25%	50%
		Income tax rate	25%	25%
		Office units	Discounted cash flow approach	Rental rate per sqm
		Rent escalation rate p.a.	5%	5%
		Discount rate	8.81%	8.97%
		Vacancy rate	-	25%
		Income tax rate	25%	25%
Parking slots	Discounted cash flow approach	Rental rate per slot	₱5,670	₱5,250
		Rent escalation rate p.a.	5%	5%
		Discount rate	8.81%	8.97%
		Vacancy rate	40%	50%
		Income tax rate	25%	25%
Arya Residences: Commercial units	Discounted cash flow approach	Rental rate per sqm	₱3,745	₱3,400
		Rent escalation rate p.a.	7%	7%
		Discount rate	9.20%	8.97%
		Vacancy rate	5%	5%
		Income tax rate	25%	25%
Parking slots	Discounted cash flow approach	Rental rate per slot	₱8,828	₱8,000
		Rent escalation rate p.a.	7%	7%
		Discount rate	9.20%	8.97%
		Vacancy rate	5%	10%
		Income tax rate	25%	25%
Land: UPHI’s Laguna and Tagaytay properties	Market data approach	Price per sqm	₱3,150	₱2,500
		Value adjustments	-15% to 5%	-20% to 0%
Cazneau’s Laguna Properties	Market data approach	Price per sqm	₱80,000	₱70,000

Class of Property	Valuation Technique	Significant Inputs	September	December
			2024	2023
		Value adjustments	-30% to -20%	-30% to -10%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sqm	₱3,000	₱2,000
		Value adjustments	25%	-30% -5%
Savya Financial Center				
Retail units	DCF approach	Rental rate per sqm	₱900	₱800
		Rent escalation rate p.a.	0% -6%	0% -5%
		Discount rate	9.20%	9.30%
		Vacancy rate	-	-
		Income tax rate	25%	25%
Parking slots	DCF approach	Rental rate per sqm	₱5,200	₱5,000
		Rent escalation rate p.a.	0% -5%	0% -5%
		Discount rate	9.20%	9.30%
		Vacancy rate	-	-
		Income tax rate	25%	25%
Courtyard Hall	Depreciated replacement Method	Estimated replacement cost	₱163,640,000	₱147,352,000
		Remaining economic life	32 years	33 years

Details of the valuation techniques used in measuring fair values of investment properties are as follows:

Discounted Cash Flow Approach

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

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

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

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

Market Data Approach

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

The inputs to fair valuation are as follows:

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

Depreciated Replacement Cost Method

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

10. PROPERTY AND EQUIPMENT

The balances and movements of this account consist of:

	September 2024							Total
	Building and Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Right of Use Asset		
Cost								
Balance at beginning of year	₱253,399,531	₱92,771,505	₱57,247,428	₱102,634,798	₱78,500	₱-	₱506,131,762	
Additions	3,307,861	-	5,898,025	7,698,286	-	25,380,000	42,284,172	
Disposals	-	(12,522,590)	-	(268)	-	-	(12,522,858)	
Reclassification	-	-	(1,301,000)	-	-	-	(1,301,000)	
Balance at end of year	256,707,392	80,248,915	61,844,453	110,332,816	78,500	25,380,000	534,592,076	
Accumulated Depreciation and Amortization								
Balance at beginning of year	45,253,058	42,706,435	46,524,017	55,801,083	78,500	-	190,363,093	
Depreciation and amortization	3,495,921	13,333,179	7,136,722	20,220,772	-	2,653,333	46,839,927	
Disposals	-	(12,522,590)	-	-	-	-	(12,522,590)	
Reclassification	-	-	(839,823)	-	-	-	(839,823)	
Balance at end of year	48,748,979	43,517,024	52,820,916	76,021,855	78,500	2,653,333	223,840,607	
Carrying Amount	₱207,958,413	₱36,731,891	₱9,023,537	₱34,310,961	₱-	₱22,726,667	₱310,751,469	

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

Depreciation and amortization on property and equipment were included as part of "Operating expenses" and "Cost of services" account in the interim consolidated statements of comprehensive income.

11. OTHER ASSETS

This account consists of:

	September 2024	December 2023
CWT	₱784,572,262	₱694,539,965
Advances for project development	541,119,729	264,675,320
Input VAT	401,715,616	326,399,657
Amounts held in trust and in escrow	395,261,703	258,346,877

	September 2024	December 2023
Advances for asset purchase	296,785,714	-
Prepayments	290,476,638	191,297,414
Deposits	145,854,640	93,566,878
Deferred input VAT	46,162,937	43,986,281
Software and licenses	38,100,277	32,274,175
Materials and supplies	1,341,909	1,341,909
	₱2,941,391,425	₱1,906,428,476

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

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

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

Advances for asset purchase pertain to advance payment made to a seller of land to be acquired by the Group.

Prepayments consist of rent, taxes, insurance and other expenses which are amortized over a year, and of prepaid commissions, amortized over the lease term for leasing and based on percentage of completion for selling.

Deposits pertain to utility deposits, deposits for professional services, guarantee and other deposits for the construction of the Group's real estate projects. Deposits are settled upon completion of the documentary requirements.

The carrying amount of software and licenses amounted to ₱38.1 million as at September 30, 2024. Amortization of software and licenses amounted to ₱3.5 million recorded as part of "Depreciation and amortization" account in the interim consolidated statements of comprehensive income.

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

12. LOANS PAYABLE

This account consists of:

	September 2024	December 2023
Local banks	₱13,384,635,700	₱11,133,593,226
Private funders	53,223,970	53,223,970
	₱13,437,859,670	₱11,186,817,196

Local bank loans

Loans from local banks consist of interest-bearing secured and unsecured loans obtained to finance project development and working capital requirements of the Group and carries interest rates ranging from 5.50% to 9.10% p.a. in September 30, 2024 and December 31, 2023.

Details of outstanding local bank loans as at September 30, 2024 and December 31, 2023 follow:

Purpose	Terms and Security	Effective interest rate (p.a.)	SEPTEMBER 2024	DECEMBER 2023
Working fund requirement of Arthaland	Unsecured and payable in full within one (1) year	6.75% to 8.85%	3,704,880,000	1,907,500,000
Construction of Cebu Exchange	Unsecured and payable in full within one (1) year	8.50%	1,381,000,000	1,381,000,000
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT building with carrying amount of 7,060.2 million and 6,493.6 million as at September 30, 2024 and December 31, 2023, respectively and an escrow account amounting to 217.5 million, 128.2 million as at September 30, 2024 and December 31, 2023.	5.50%	797,505,237	1,094,737,497
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	997,951,645	996,672,989
Construction of Lucima Residences	Payable on a quarterly basis starting 2024 until 2026; secured by Lucima Residences property with carrying amount of 794.5 million as at September 30, 2024 and December 31, 2023, and an escrow account amounting to 21.5 million and 21.1 million as at September 30, 2024 and December 31, 2023, respectively	6.17% to 8.78%	902,050,461	925,375,927
Construction of Sevina Park	Payable on a quarterly basis starting November 2023 until August 2026; secured by raw land with carrying amount of 386.2 million as at September 30, 2024 and December 31, 2023, and an escrow account amounting to 18.6 million and 18.1 million as at September 30, 2024 and December 31, 2023, respectively	6.25% to 8.49%	786,801,341	921,282,129
Construction of Eluria	Payable on a quarterly basis starting 2025 until 2027; secured by Eluria property with carrying amount of 780.4 million as at September 30, 2024 and December 31, 2023, and an escrow account amounting to 21.5 million and 21.1 million as at September 30, 2024 and December 31, 2023, respectively	6.37% to 9.10%	925,533,805	889,381,190
Working fund requirement of Savya	Unsecured and payable in full within one year	7.50% to 8.75%	685,690,833	709,475,244
Receivables financing for the construction of Savya Financial Center	Payable in full in 2024 until 2026; secured by contract to sell and Condominium Certificate of Titles (CCT) of assigned units and parking slots in Savya Financial Center	6.50% to 6.75%	693,628,783	620,514,316
Project Development and working fund requirements of Arthaland	Payable on a quarterly basis beginning August 2024 until May 2026, secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.53%	437,500,000	437,500,000
Project Development and working fund requirements of Arthaland	Payable on a quarterly basis beginning September 2025 until June 2027, secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	8.12%	124,073,109	-
Project Development and working fund requirements of Arthaland	Payable on a quarterly basis beginning May 2025 until January 2027, secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.88%	250,000,000	-
Project Development and working fund requirements of Arthaland	Payable on a quarterly basis beginning February 2023 until November 2024, secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	6.00%	62,230,026	374,538,096
Project Development and working fund requirements of Arthaland	Payable on a quarterly basis beginning November 2025 until August 2027, secured by unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.82%	124,067,836	-
Working fund requirement for the construction of Lucima	Unsecured and payable on December 2024	7.50%	100,000,000	363,863,454
Receivables financing to fund construction of Lucima	Payable on October 2024; secured by contract to sell and Condominium Certificate of Titles (CCTs) of assigned units and parking slots in Lucima	8.25%	104,328,940	-
Working fund requirements for the construction of Eluria	Unsecured and payable beginning October 2024 until September 2025	7.50%	351,500,000	247,500,000
Receivables financing to fund the construction of Sevina Park	Payable beginning February 2025 until May 2026; secured by contract to sell and Condominium Certificate of Titles (CCTs) of assigned units in Sevina Park Villas	6.75%	117,100,207	218,002,497
Receivables financing to fund the construction of Sevina Park	Payable on April 2027; secured by contract to sell and Condominium Certificate of Titles (CCTs) of assigned units in Sevina Park Commercial Lot	6.75%	214,368,000	-

Purpose	Terms and Security	Effective interest rate (p.a.)	SEPTEMBER 2024	DECEMBER 2023
Receivables financing to fund the construction of Lucima	Payable in full in March 2025; secured by contract to sell and Condominium Certificate of Titles (CCTs) from buyers of assigned units and parking slots in Lucima	7.04% to 7.25%	374,425,477	46,249,887
Working fund requirement of Cazneau	Unsecured and payable beginning October 2024 until February 2025	8.75% to 9%	250,000,000	-
			13,384,635,700	11,133,593,226

Construction of ACPT

In 2015, the Parent Company entered into an 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. ALCO is required to maintain a current ratio of at least 1.50x and a debt-to-equity ratio of not more than 2.00x based on the annual consolidated financial statements of the Group. As of September 30, 2024 and December 31, 2023, ALCO Group has current ratio of 1.58x and 2.32x and debt to equity ratio of 1.72x and 1.39x, respectively, based on its consolidated financial statements, which is compliant with the financial covenants.

Acquisition of land and construction of Savya Financial Center

In 2021, SLDC entered into a new loan facility of ₱1,440.0 million with a local bank. The ₱1,440.0 million was fully drawn and was used to repay the ₱1.440.0 million outstanding loan under the MTL. The outstanding loan balance is secured by real estate mortgage over raw land property. SLDC is required to debt service coverage ratio of 1.25x beginning 2021 and shall not fall below 1.5x to declare dividends and maintain a debt-to-equity ratio not exceeding 2.0x and a current ratio of at least 1.5x. As at December 31, 2023, the company is compliant with the requirements of the term loan. In Q3 2023, the said loan was fully settled.

Construction of Sevina Park

In 2021, Cazneau entered into a long-term loan facility of ₱1.0 billion with a local bank to partially finance the construction of Sevina Park. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage over two parcels of land of Cazneau and grant of security interest over shares of ALCO. Moreover, Cazneau is required to maintain debt to equity ratio of not more than 2.00x and current ratio of not less than 1.50x.

The debt to equity and current ratio of Cazneau as at December 31, 2023 based on its financial statements is 0.9x and 1.6, respectively, which are compliant with the requirements of the term loan. As at September 30, 2024, Cazneau is compliant with these financial ratios.

Construction of Lucima Residences

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

The debt to equity, current ratio and project debt to equity ratio of Bhavana as at December 31, 2023 based on its financial statements is 1.6x, 1.7x and 0.5x, respectively, which are compliant with the requirements of the term loan. As at September 30, 2024, Bhavana is compliant with these financial ratios.

Construction of Eluria

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

The debt to equity, current ratio and project debt to equity ratio of Bhavya as at December 31, 2023 based on its financial statements is 1.5x, 1.9x and 0.5x, respectively, which are compliant with the requirements of the term loan. As at September 30, 2024, Bhavya is compliant with these financial ratios.

Development of Green Projects

On February 14, 2020, ALCO entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the Group' eligible green projects, including land banking, investments and refinancing in relation to eligible green projects. A drawdown of ₱1,000.0 million was made within the same year. ALCO is required to submit a regular disbursement report to the bank soon after the date the proceeds were utilized to confirm that the proceeds has been used for the eligible green projects. The Group is required to maintain a debt-to-equity ratio of not more than 2.0x and current ratio of not less than 1.5x on a consolidated basis. As at September 30, 2024 and December 31, 2023, the Group is compliant with these financial ratios.

Private Funders

Outstanding balances of the loans from private funders amounting to ₱53.2 million as at September 30, 2024 and December 31, 2023, with interest rate of 5.40% p.a., are unsecured and are for working capital requirements of the Group.

13. BONDS PAYABLE

Details of this account is as follows:

	September 2024	December 2023
Bonds payable	₱6,000,000,000	6,000,000,000
Unamortized debt issue cost	(48,667,186)	(58,477,587)
	₱5,951,332,814	5,941,522,413

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

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

In October 2022, the BOD of ALCO approved the remaining second tranche of the Bonds of up to ₱3.0 billion. In December 2022, the SEC approved the offer supplement for the second tranche amounting to ₱2.4 billion with an oversubscription of up to ₱0.6 billion. The Bonds have a term ending five years from the issue date with a fixed interest rate of 8.00% p.a. and early redemption option on the 3rd and 4th year from issue date, and term ending seven years from the issue date with a fixed interest rate of 8.7557% p.a. and early redemption option on the 5th and 6th year from issue date. The proceeds of the Bonds is for the development of eligible green projects and payment of certain outstanding loans of the Group.

ALCO shall maintain the following financial ratios, with testing to be done on an annual basis, for as long as any of the ASEAN Green Bonds remain outstanding: debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x. Testing of both financial covenants shall be done on April 30 of each year, using the December 31 audited consolidated financial statements of the Group. As at September 30, 2024 and December 31, 2023, the Group is compliant with these financial ratios.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	September 2024	December 2023
Accounts payable	344,361,007	250,844,109
Accrued expenses	1,377,619,046	1,131,724,311
Deferred output VAT	1,317,434,451	850,087,182
Retention payable	592,863,123	604,158,754
Payable to customers	322,779,178	395,652,973
Security deposits	145,919,457	109,163,602
Advance rent	78,489,975	66,048,657
Withholding taxes payable	49,971,048	39,510,742
Dividends payable	39,667,022	5,686,177
Construction bonds	35,155,145	39,082,585
Income tax payable	9,742,543	-
Others	178,151,078	129,102,022
	4,492,153,073	3,621,061,114

Accounts payable, which are noninterest-bearing and are normally settled within 30 days to one year, consist mainly of liabilities to contractors and suppliers.

Accrued expenses are expected to be settled within the next 12 months which pertains to construction costs, interest, management and professional fees, utilities, commissions, advertising and other expenses.

Deferred output VAT pertains to 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.

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

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

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

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

Construction bonds represent noninterest-bearing deposits made by the lessees before the start of construction or fit out of their leased or rented units in ACPT and refundable upon fulfillment of contract provisions.

Other payables pertain to liabilities to SSS, PhilHealth and HDMF.

15. RELATED PARTY TRANSACTIONS

The company engages, in the normal course of business, in various transactions with its related parties which include entities under common control, key management and others.

Share Purchase Agreement

The Parent Company has an outstanding receivable from CPG amounting to ₱36.1 million as at September 30, 2024 and December 31, 2023 arising from a share purchase agreement between the Parent Company, CPG and AOC1. Under the claw-back provision of the share purchase agreement, the Parent Company warranted the final resolution acceptable to CPG and its counsel of the pending complaint involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over said property. In the event the satisfactory evidence is submitted by the Parent Company to CPG, the latter shall pay to the Parent Company the entire claw-back amount plus interest earned when the same was held in escrow.

Advances for Working Capital

This pertains to expenses advanced by the Group to the related parties. Outstanding balances of advances for working capital are unsecured, unguaranteed, collectible or payable on demand and to be settled in cash.

The Group's allowance for ECL on due from related parties amounted to nil as at September 30, 2024 and December 31, 2023.

Management Fee

Management fees are recognized for management consultancy, development and administrative services provided by CPG. Outstanding balances are unsecured, noninterest-bearing, payable on demand and to be settled in cash.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	September 2024 (Nine Months)	December 2023 (Twelve Months)
Salaries and other employee benefits	112,342,517	127,231,751
Retirement benefits expense	-	16,366,953
	112,342,517	143,598,704

Transactions with the Retirement Plan

The Parent Company's retirement fund is administered and managed by a trustee bank. The fair value of plan assets, which are primarily composed of unit investment trust funds, amount to ₱138.5 million and ₱143.7 million as at September 30, 2024 and December 31, 2023, respectively.

The retirement fund neither provides any guarantee or surety for any obligation of the Parent Company nor its investments covered by any restrictions or liens.

Dividend Declarations of Subsidiaries

Cazneau

On July 26, 2024, the BOD approved the declaration of cash dividends amounting to ₱150.0 million or ₱15,000 per share to all Common Shares holders of record on August 23, 2024 to be paid out beginning December 9, 2024.

Material Non-controlling Interests

SLDC

Non-controlling interests over SLDC is 41% as at September 30, 2024 and December 31, 2023.

On March 17 and December 17, 2023, the BOD approved the subscription of convertible preferred shares by Help Holdings Inc. (HHI) to 19,096,407 and 2,049,000, respectively, shares at a subscription price of ₱100 per share or total amount of ₱2,114.5 million. The subscription was fully paid through the conversion of HHI's prior deposit for future stock subscription of the same amount. Additional paid-in capital arising from the subscription of convertible preferred shares aggregated to ₱2,093 million.

On August 25, 2023, the BOD approved the declaration of cash dividends amounting to ₱530.0 million or ₱1,060 per share to all Common Shares Class A stockholders of record on September 11, 2023. Dividends attributable to non-controlling interests amounted to ₱212.0 million and were paid out beginning September 13, 2023.

Moreover, SLDC received advances from related parties and expenses paid by related parties on behalf of SLDC. All outstanding balances are unsecured, noninterest-bearing, and payable on demand and in cash.

On February 23, 2024, the BOD approved the declaration of cash dividends amounting to ₱390.0 million or ₱780.0 per share to all stockholders of record on March 12, 2024. The dividends were paid on March 20, 2024.

KHI

On June 1, 2020, the Parent Company assigned 40% of its advances to KHI amounting to ₱195.0 million, in favor of MEC, and bear interest of 3.5% per annum. These are unsecured, unguaranteed, and payable on demand and in cash.

On December 19, 2022, the BOD approved the declaration of cash dividends amounting to ₱500.0 million or ₱40 per share to all stockholders of record on January 12, 2023. The cash dividends was paid on January 30, 2023.

On August 25, 2023, the BOD approved the declaration of cash dividends amounting to ₱530.0 million or ₱42.40 per share to all stockholders of record on September 11, 2023. The cash dividends were paid on September 18, 2023.

On February 23, 2024, the BOD approved the declaration of cash dividends amounting to ₱390.0 million or ₱31.20 per share to all stockholders of record on March 12, 2024. The cash dividends were paid on March 21, 2024. Further, the BOD approved to repay the advances to ALCO ₱138.0 million and MEC ₱92.0 million. The advances to MEC were paid in March 2024.

Bhavana and Bhavya

In December 2021, ALCO sold, transferred and conveyed in favor of Narra Investment Properties Pte. Ltd. ("Narra"), by way of secondary sale, all of its rights, title and interest in and to 40% of the common shares of stock of Bhavana and Bhavya, or 20,000,000 common shares of stock thereof, as well as its shareholder advances and accrued interest receivables aggregating ₱449.4 million in exchange for ₱446.8 million. The transfer of Bhavana and Bhavya shares decreased the effective ownership of ALCO from 100% to 60%.

In October 2023, Narra also subscribed to 442,000 preferred shares of Bhavya for a total subscription amount of ₱44.2 million and was paid in November 2023.

On February 16, 2023, the BOD approved the appropriation of ₱110.0 million to provide additional Reserves for the ongoing construction of project Lucima. On June 06, 2024, the BOD approved the release of appropriation of ₱110.0 million from the Unrestricted Retained Earnings of Bhavana.

On October 23, 2023, the BOD approved the declaration of cash dividends amounting to ₱130.0 million or ₱5.2 per share to stockholders of record as at November 9, 2023, payable beginning November 10, 2023. The cash dividends were already paid in 2023.

On March 20, 2024, the BOD approved the subscription of Narra to 300,000 preferred shares of Bhavya at the price of ₱100.00 per share, or a total of ₱30.0 million and was fully paid in the same month.

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

	Amount of Transactions		Outstanding Balance	
	September 2024	December 2023	September 2024	December 2023
Advances for Project Development				
HHI	₱–	₱–	₱495,919,597	₱495,919,597
Narra	–	–	411,200,000	411,200,000
MEC	(92,000,000)	–	103,000,000	195,000,000
	(₱92,000,000)	₱–	₱1,010,119,597	₱1,102,119,597

16. EQUITY

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

	September 2024		December 2023	
	Preferred	Common	Preferred	Common
Authorized	80,000,000	16,368,095,199	50,000,000	16,368,095,199
Par value per share	₱1.00	₱0.18	₱1.00	₱0.18
Issued	42,500,000	5,318,095,199	48,500,000	5,318,095,199
Outstanding	32,500,000	5,318,095,199	28,500,000	5,318,095,199

Preferred Shares

The roll forward analysis of the outstanding preferred shares is as follows:

	September 2024		December 2023	
	Number of shares	Amount	Number of shares	Amount
Balance at beginning of period	48,500,000	₱48,500,000	48,500,000	₱48,500,000
Issuance during the period	14,000,000	14,000,000	–	–
Retirement during the year	(20,000,000)	(20,000,000)	–	–
Balance at end of year	42,500,000	42,500,000	48,500,000	48,500,000
Treasury shares	(10,000,000)	(10,000,000)	(20,000,000)	(20,000,000)
Parent Company's shares held by a subsidiary	(26,500,000)	(26,500,000)	(12,500,000)	(12,500,000)
Outstanding	6,000,000	₱6,000,000	16,000,000	₱16,000,000

On 14 August 2024, the Corporation received the approval of the SEC amending Article Seventh of the Articles of Incorporation of the Parent Company by (i) decreasing its authorized capital stock by 20.0 million preferred shares with a par value of ₱1.00 per share corresponding to the 20.0M Series B Preferred Shares that had been redeemed in December 2021 from the holders thereof, and (ii) increasing the authorized capital stock by P50.0 million preferred shares with a par value of P1.00 per share. The total authorized capital stock should now be ₱80.0 million of preferred shares consisting of 80.0 million preferred shares with a par value of ₱1.00 per share.

Pursuant to the approval of the Parent Company's BOD on May 8, 2024, all outstanding Series C Preferred Shares were redeemed on June 27, 2024 at the redemption price equivalent to the offer price thereof, or ₱100.00 per share, plus accrued and unpaid cash dividends due as of said date. Treasury shares pertaining to the redemption of 10.0 million Series C Preferred Shares recognized at cost amounted to ₱1,000.0 million as at June 30, 2024.

On January 31, 2024, the stockholders approved the proposal to amend Article Seventh of the Articles of Incorporation of the Parent Company by increasing its authorized capital stock by ₱50.0 million with the creation of 50.0 million preferred shares with a par value of ₱1.0 per share (the "SEC Amendment"). It was recalled in the same special stockholders' meeting that the stockholders approved during the annual stockholders' meeting held on June 24, 2022 the amendment of Article Seventh of the Articles of Incorporation for purposes of decreasing the Parent Company's authorized capital stock by ₱20.0 million to cancel the 20.0 million Series B Preferred Shares that had been redeemed in December 2021 from the holders thereof. The approval granted on June 24, 2022 had not been revoked and remains valid, and the stockholders confirmed and ratified the said approval.

On the same day, the Parent Company's BOD approved the issuance of 14.0 million cumulative, non-voting, non-participating, non-convertible Peso-denominated preferred shares (the "Series E Preferred Shares") with ₱1.00 par value per share at an offer price of ₱1.0 per share, where the 1.5 million preferred shares will be issued from the authorized capital stock of the Parent Company and the 12.5 million preferred shares will be coming from the increase of 50.0 million preferred shares as approved by the stockholders.

The Parent Company's BOD also approved the subscription by MPI to the Series E Preferred Shares equivalent to 14.0 million at the price of ₱1.0 per share (as increased following the SEC Amendment).

On December 6, 2021, the Parent Company redeemed all of the outstanding 20.0 million Series B Preferred Shares equal to its offer price plus any accrued and unpaid cash dividends due as of date. Treasury shares pertaining to the redemption of 20.0 million Series B Preferred Shares recognized at cost amounted to ₱2,000.0 million as at December 31, 2021. On May 4, 2022, the BOD of the Parent Company approved the amendment of the Parent Company's Articles of Incorporation (AOI) to reduce the authorized capital stock by ₱2,000.0 million as a result of the redemption and cancellation of the Series B Preferred Shares (following the SEC Amendment).

On December 3, 2021, the Parent Company made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the "Series D Preferred Shares"), with ₱1.00 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 June 2019, the Company made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the "Series C Preferred Shares") with ₱1.00 par value a share at the issuance price of ₱100 a share. Excess of the proceeds over the total par value amounting to ₱990.0 million and transactions costs of ₱12.5 million were recognized as additional and reduction to additional paid-in capital, respectively.

In 2016, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the "Series A preferred shares") with ₱1.00 par value a share to MPI. Also in 2016, the Company made a follow-on offering of 20.0 million cumulative, nonvoting, nonparticipating, and nonconvertible Peso-denominated preferred shares (the "Series B preferred shares") with ₱1.00 par value a share at the issuance price of ₱100 a share.

Common Shares

As at September 30, 2024 and December 31, 2023, the Parent Company has issued and outstanding common shares of 5,318,095,199 with par value of ₱0.18 amounting to ₱957.3 million.

Dividend Declaration

The Parent's Company's BOD and stockholders approved the following cash dividends to ALCO's stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 31, 2024	March 01, 2024	March 27, 2024	Series C preferred shares	17,319,000	1.7319
January 31, 2024	February 08, 2024	March 03, 2024	Series D preferred shares	45,000,000	7.5000
May 08, 2024	June 03, 2024	June 27, 2024	Series C preferred shares	17,319,000	1.7319
May 08, 2024	May 23, 2024	June 03, 2024	Series D preferred shares	45,000,000	7.5000
June 28, 2024	July 19, 2024	August 9, 2024	Common Shares	63,817,142	0.012
August 06, 2024	August 27, 2024	September 3, 2024	Series D preferred shares	45,000,000	7.5000
				₱233,455,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 25, 2023	November 29, 2023	December 27, 2023	Series C preferred shares	17,319,000	1.7319
October 25, 2023	November 13, 2023	December 4, 2023	Series D preferred shares	45,000,000	7.5000
August 02, 2023	September 04, 2023	September 28, 2023	Series C preferred shares	17,319,000	1.7319
August 02, 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	0.012
May 03, 2023	June 01, 2023	June 27, 2023	Series C preferred shares	17,319,000	1.7319
May 03, 2023	May 17, 2023	June 5, 2023	Series D preferred shares	45,000,000	7.5000
January 25, 2023	March 01, 2023	March 27, 2023	Series C preferred shares	17,319,000	1.7319
January 25, 2023	February 08, 2023	March 3, 2023	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Other Equity Reserves

The details of this account as at September 30, 2024 and December 31, 2023 are as follows:

Effect of changes in the Parent Company's ownership interest in subsidiaries	169,002,018
Stock options outstanding	7,161,827
Cumulative remeasurement gains on net retirement liability - net of tax	40,402,986
	216,566,831

Effect of Change in the Parent Company's Ownership Interest in a Subsidiary

In December 2021, the Parent Company purchased 214,351 common and 118,982 preferred shares representing 40% of the ownership and voting rights of CLLC for ₱113.2 million from RSBV resulting to 100% ownership of the Parent Company in CLLC. The difference between the acquisition cost and book value amounting to ₱60.5 million was recorded as reduction to equity reserves (see Note 15).

Stock Options

On October 16, 2009, the stockholders approved the 2009 ALCO Stock Option Plan with the objective of providing material incentive to qualified employees of the Group. The total amount of shares which are available and may be issued for this purpose amount to 10% of ALCO's total outstanding capital stock at any given time. The period during which a Qualified Employee may exercise the option to purchase such number of common shares granted to him/her will be three (3) years commencing after he or she has rendered the mandatory one-year service to the Parent Company or its subsidiary

in accordance with the following schedule:

- i. Within the first 12 months from grant date - up to 33.33%
- ii. Within the 13th to the 24th month from grant date - up to 33.33%
- iii. Within the 25th to 36th month from grant date - up to 33.33%

On December 14, 2018, the BOD approved granting options equivalent to not more than 90.0 million common shares to its qualified employees. On June 26, 2020, the number of options granted and issued to qualified employees amounted to 55.4 million shares. The total fair value of stock options granted amounted to ₱6.5 million. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula taking into the account the terms and conditions during which the options were granted. The BSM Formula utilized inputs namely, market value of the share, time to maturity, dividend yield, and risk-free rate.

Fair value of each option at grant date is ₱0.14. Assumptions used to determine the fair value of the stock options are as follow:

Weighted average share price	₱0.65
Exercise price	₱0.50
Expected volatility	2.40%
Dividend yield	1.32%
Risk-free interest rate	1.35%

On March 22, 2023, the BOD, during the joint Board and Stock Option and Compensation Committee meeting, approved the proposed amendments to the 2020 Stock Option Plan where the percentage of shares to be allocated as option shares is reduced from 10% to 5% of the outstanding capital stock, provided that ALCO reserves its right to subsequently increase the allocated number of option shares in accordance with the Securities Regulation Code.

As of September 30, 2024 and December 31, 2023, the SEC has not approved the exemption from registration of the option shares to be allocated under the 2020 Stock Option Plan, as amended, thus no options have been granted to qualified employees of the Corporation.

Use of Proceeds

Green Bonds – Second Tranche

The estimated gross proceeds from the offer of the second tranche of the Bonds amounted to ₱2,944.7 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

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

Purpose	Per Offer Supplement	Actual Net Proceeds	Actual Disbursement as at September 30, 2024	Balance for Disbursement as at September 30, 2024
Development of various projects	₱2,724.0	₱2,724.0	₱25.0	₱2,679.0
Repayments of loans that financed the construction and development of ACPT	276.0	225.0	245.0	-
Total	₱3,000.0	₱2,949.0	₱270.0	₱2,679.0

On February 21, 2024, the BOD approved the reallocation of the use of proceeds of the Bonds

effective March 22, 2024, as follows (amounts in millions):

Green Bonds - Tranche 2 Project	Actual Net Proceeds	Proposed Reallocation
Makati CBD Residential Project 1	₱600.0	₱226.0
Makati CBD Residential Project 3	450.0	–
Project JL	500.0	–
Project Midtown	1,000.0	1,120.0
ACPT Loan and Others	399.0	225.0
Project Olive	–	1,378.0
Total	₱2,949.0	₱2,949.0

17. REVENUES

The account consists of:

	September 2024 (Nine Months)	September 2023 (Nine Months)
Real estate sales of:		
Lucima Residences	1,296,076,279	1,004,869,970
Cebu Exchange	1,149,024,759	497,714,432
Sevina Park	680,443,061	701,571,349
Una Apartments	483,968,750	–
Eluria	435,022,537	336,963,869
Savya Financial Center	141,617,057	1,569,197,786
	4,186,152,443	4,110,317,406
Leasing revenue	317,853,552	292,188,167
Property Management fees	27,032,639	14,889,838
	4,531,038,634	4,417,395,411

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

Property management fees pertain to services rendered by APPS in the management and maintenance of all common areas of Arya Residences, Arthaland Century Pacific Tower, Cebu Exchange and Savya Financial Center.

18. COST AND EXPENSES

This account consists of:

	September 2024 (Nine Months)	September 2023 (Nine Months)
Cost of real estate sales	3,050,431,682	2,349,253,078
Cost of leasing operations	119,616,683	91,766,987
Cost of services	47,384,498	31,600,690
	3,217,432,863	2,472,620,755

19. OPERATING EXPENSES

Details of operating expenses by nature are as follows:

	September 2024 (Nine Months)	September 2023 (Nine Months)
Personnel costs	288,023,526	192,846,233
Advertising	234,815,787	102,401,709
Commissions and Broker's fees	129,584,141	310,014,850
Taxes and licenses	101,647,243	142,195,570
Communication and office expenses	96,960,802	93,639,141
Depreciation and amortization	50,425,940	48,200,538
Management and professional fees	46,472,233	19,273,481
Transportation and travel	26,248,336	17,617,520
Insurance	13,249,258	20,193,854
Repairs and maintenance	10,268,418	8,776,774
Utilities	6,077,170	14,407,391
Rental	4,762,976	4,576,970
Representation	1,183,156	3,374,085
Others	25,694,876	11,731,129
	1,035,413,862	989,249,245

20. FINANCE COSTS

Finance costs relate to the following:

	September 2024 (Nine Months)	September 2023 (Nine Months)
Interest expense	1,088,484,740	775,287,620
Bank charges	3,150,737	17,457,247
	1,091,635,477	792,744,867

21. OTHER INCOME – NET

This account consists of:

	September 2024 (Nine Months)	September 2023 (Nine Months)
Interest income	217,573,557	207,229,488
Realized gain on disposals of financial assets at FVPL	53,725,728	51,074,892
Gain on sale of investment properties	47,244,161	1,198,576
Gain on repossessions	43,394,380	61,625,896
Unrealized holding gains (losses) on financial assets at FVPL	11,999,799	6,618,347
Foreign exchange gains (losses)	(780,403)	5,410,640
Gain (loss) on disposal of property and equipment	-	(1,155,355)
Others	(3,021,019)	74,310,889
	370,136,203	406,313,373

22. NET RETIREMENT LIABILITY

The Group has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at

age 50 with minimum of five 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 Group. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Parent Company.

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

	September 2024	December 2023
Balance at beginning of period	(9,005,874)	(33,513,423)
Retirement expense:		
Current service cost	19,457,559	19,830,224
Interest cost	-	(2,162,147)
Remeasurement gains		
Change in financial assumptions	-	14,700,839
Experience adjustments	-	(6,955,820)
Return on retirement plan asset	-	2,626,156
Effect of asset ceiling	-	(3,531,703)
Balance at end of period	10,451,685	(9,005,874)

23. INCOME TAXES

The components of provision for income tax are as follows:

	September 2024	September 2023
Reported in Profit or Loss		
Current income tax expense:		
RCIT	12,844,187	186,659,576
MCIT	20,840,728	11,032,586
Final taxes	54,232,747	52,698,735
Gross income tax (GIT)	3,968,715	4,189,848
	91,886,377	254,580,745
Deferred income tax expense	187,965,544	59,454,911
	279,851,921	314,035,656

Deferred Tax Assets and Deferred Tax Liabilities

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

	September 2024	December 2023
Deferred tax assets:		
NOLCO	₱946,418,960	₱489,288,250
Retirement liability	36,026,733	31,162,343
Excess MCIT over RCIT	31,378,218	10,758,826
Advance rent	17,011,144	13,972,895
Excess of commission expense over commissions paid	8,172,757	8,172,757
Allowance for impairment losses	436,698	436,698

	September 2024	December 2023
Unrealized foreign exchange loss	275,077	10,367
	1,039,719,587	553,802,136
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment properties	2,295,205,458	1,965,361,360
Excess of financial over taxable gross profit	734,421,747	586,111,764
Depreciation of investment properties	59,878,341	52,373,261
Accrued rent receivable	15,149,298	9,340,072
Actuarial gain or loss	13,979,394	13,979,394
Transfer of fair value to property and equipment	9,940,345	10,108,826
Capitalized debt issue costs	7,677,598	7,806,996
Unrealized foreign exchange gains	1,577,690	1,577,690
	3,137,829,871	2,646,659,363
Net deferred tax liabilities	₱2,098,110,284	₱2,092,857,227

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

	September 2024	September 2023
Income tax computed at statutory tax rate	492,076,841	579,565,998
Add (deduct) tax effects of:		
Dividend income from subsidiaries	(208,500,000)	(18,396,845)
Income subject to GIT	(19,390,895)	(13,517,495)
Interest income subject to final tax	(16,312,232)	-
Nondeductible expenses and nontaxable income	16,538,168	(237,117,998)
Consolidated leasing solutions	12,144,554	-
Change in unrecognized deferred tax assets	1,895,485	3,501,996
Other income	1,400,000	-
	279,851,921	314,035,656

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.

Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Law

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was approved and signed into law by the country’s President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. The difference amounting to ₱301.2 million arising from the changes in income tax rates was recognized in 2021.

On June 20, 2023, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 69-2023 announcing the reversion of MCIT to 2% effective July 1, 2023.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise cash in banks, cash equivalents, financial assets at FVPL, receivables (excluding advances for project development and accrued rent receivable under straight-line basis of accounting), amounts held in escrow, deposits, loans and bonds payable, accounts payable and other liabilities (except statutory liabilities, advance rent and payable to customers) and due to a related party.

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

Foreign Currency Risk

The Group's exposure to foreign currency risk is minimal, as it does not enter into significant transactions in currencies other than its functional currency.

Credit Risk

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

Trade Receivables and Contract Assets

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Group. Also, customers are required to deposit postdated checks to the Group covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at September 30, 2024 and December 31, 2023, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables and contract assets.

Other Financial Assets at Amortized Cost

The Group's other financial assets at amortized cost are mostly composed of cash in banks, cash equivalents, amounts held in escrow and investment in time deposits. The Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local

and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

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

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

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

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

Financial Assets at FVPL

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

Liquidity Risk

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

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

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

Interest Rate Risk

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

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

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

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	September 2024	December 2023
Total liabilities	27,414,282,783	24,147,874,105
Total equity	11,888,026,549	13,116,171,785
Debt-to-equity ratio	2.31:1	1.84:1

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

26. EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share are computed as follows:

	September 2024	September 2023
Net income attributable to equity holders of the Parent Company	593,200,967	713,939,278
Less share of Series C and D Preferred Shares	(169,638,000)	(186,957,000)
	423,562,967	526,982,278
Divided by weighted average number of outstanding common shares	5,318,095,199	5,318,095,199
Basic EPS	0.0796	0.0991
Add dilutive shares arising from stock options	55,400,000	55,400,000
Adjusted weighted average number of common shares for diluted EPS	5,373,495,199	5,373,495,199
Diluted EPS	0.0788	0.0981

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

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

27. FAIR VALUE MEASUREMENT

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

	September 2024			
	Carrying Amount	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value -				
Financial assets at FVPL	2,494,503,030	2,494,503,030	-	-
Investment properties	14,163,322,441	-	1,333,962,682	12,829,359,759
Financial assets at amortized cost -				
Deposits	145,854,640	-	-	145,854,640
	16,803,680,111	2,494,503,030	1,333,962,682	12,975,214,399
Liability for which fair value is disclosed -				
Loans payable	13,437,859,670	-	-	13,437,859,670
Bonds payable	5,951,332,814	-	-	5,951,332,814
	19,389,192,484	-	-	19,389,192,484

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

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at September 30, 2024 and December 31, 2023:

	September 2024	December 2023
Financial assets:		
Cash and cash equivalents	2,447,622,267	5,605,296,553
Receivables*	1,990,104,793	2,171,903,314
Contract assets	8,055,625,298	5,608,780,240
Amounts held in escrow	395,261,703	258,346,877
	12,888,614,061	13,644,326,984
Financial liabilities:		
Accounts payable and other liabilities**	2,713,735,879	2,269,761,560
Advances from non-controlling interests	1,010,119,597	1,102,119,597
	3,723,855,476	3,371,881,157

*Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱47.3million and ₱39.4 million as at September 30, 2024 and December 31, 2023, respectively.

**Excludes payable to customers, advance rent and statutory liabilities aggregating to ₱1,778.4 million and ₱1,351.3 million as at September 30, 2024 and December 31, 2023, respectively.

28. CLASSIFICATION OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ACCOUNTS

The Group's current portions of its assets and liabilities are as follows:

	September 2024	December 2023
Current Assets		
Cash and cash equivalents	2,447,622,267	5,605,296,553
Financial asset at fair value through profit or loss	2,494,503,030	877,853,288
Receivables	2,037,388,463	2,211,302,746
Contract assets	8,055,625,298	5,608,780,240
Real estate for sale	7,148,490,653	7,548,831,703
Other assets*	2,452,588,134	1,768,875,317
	24,636,217,845	23,620,939,847

*Excludes non-current portion of deposits and deferred input VAT amounting to ₱192.0 million and ₱137.6 million as at September 30, 2024 and December 31, 2023, respectively.

Current Liabilities		
Current portion of loans & bonds payable**	11,599,369,872	5,246,912,260
Accounts payable and other liabilities***	3,566,589,437	3,621,061,114
Contract liabilities	414,255,660	198,350,664
Advances from non-controlling interests***	-	1,102,119,597
	15,580,214,969	10,168,443,635

**Excludes long term portion of loans & bonds payable amounting to P7,789.8 million as at September 30, 2024 and long term portion of loans amounting to P5,939.9 million as at December 31, 2023.

***Excludes non-current portion of retention payable, deferred output VAT and other liabilities amounting to P925.6 million and advances from NCI amounting to P1,010.1 million as at September 30, 2024.

29. OPERATING SEGMENT INFORMATION

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

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

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

The following tables present assets and liabilities as of September 30, 2024 and December 31, 2023 and revenue and profit information for each of the first nine months in the period ended September 30:

	2024						
	Sale of Real Estate		Property Management Services			Eliminations	Total
	Leasing	Corporate	-	-	-		
Segment revenue	4,186,152,443	317,853,552	213,809,490	-	(186,776,851)	4,531,038,634	
Segment expenses	(3,123,322,680)	(119,616,683)	(124,673,572)	(1,072,010,641)	186,776,851	(4,252,846,725)	
Segment profit	1,062,829,763	198,236,869	89,135,918	(1,072,010,641)	-	278,191,909	
Net gain on change in fair value of investment properties		1,513,644,438	-	-	-	1,513,644,438	
Finance cost	(464,017,140)	(668,791,457)	-	(84,545,006)	125,718,126	(1,091,635,477)	
Other income - net	-	-	-	370,136,203	-	370,136,203	
Income before income tax	598,812,623	1,043,089,850	89,135,918	(786,419,444)	125,718,126	1,070,337,073	

2024						
	Sale of Real Estate		Property Management		Eliminations	Total
	Estate	Leasing	Services	Corporate		
Provision for income tax	-	-	-	-	-	279,851,921
Net income						790,485,152
Other comprehensive income						-
Total comprehensive income						790,485,152
Assets	23,368,097,344	23,470,990,792	78,099,424	2,447,162,872	(10,062,041,100)	39,302,309,332
Liabilities	(6,939,651,817)	(6,498,207,854)	(31,179,590)	(21,813,594,057)	7,868,350,535	(27,414,282,783)

2023						
	Sale of Real Estate		Property Management		Eliminations	Total
	Estate	Leasing	Services	Corporate		
Segment revenue	3,184,989,678	177,670,627	115,052,728	-	(105,886,893)	3,371,826,140
Segment expenses	(1,790,748,038)	(63,206,349)	(61,279,391)	(692,122,437)	105,886,893	(2,501,469,322)
Segment profit	1,394,241,640	114,464,278	53,773,337	(692,122,437)	-	870,356,818
Net gain on change in fair value of investment properties	-	716,216,644	-	-	-	716,216,644
Finance cost	(199,866,588)	(420,320,157)	-	(8,676,091)	103,598,560	(525,264,276)
Other income - net	-	-	-	138,788,986	-	138,788,986
Income before income tax	1,194,375,052	410,360,765	53,773,337	(562,009,542)	103,598,560	1,200,098,172
Provision for income tax	-	-	-	-	-	295,710,755
Net income	-	-	-	-	-	904,387,417
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	904,387,417
Assets	8,017,297,137	13,168,863,171	101,378,769	25,311,040,703	(9,334,533,890)	37,264,045,890
Liabilities	(4,498,162,517)	(1,750,203,148)	-	(25,713,337,186)	7,813,828,746	(24,147,874,105)

30. FINANCIAL RATIOS

Below is a schedule showing financial soundness indicators for the period ended September 30, 2024, December 31, 2023 and September 30, 2023:

RATIO	FORMULA	SEP 2024	DEC 2023	SEP 2023
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.58:1	2.32:1	2.24:1
Acid Test Ratio	$\frac{\text{Quick Assets}}{\text{Current Liabilities}}$	0.43:1	0.86:1	0.88:1
Solvency Ratios	$\frac{\text{Net Income before depreciation}}{\text{Total liabilities}}$	0.03:1	0.06:1	0.04:1
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	2.31:1	1.84:1	1.9:1
Debt to Equity Ratio for Loan covenant	$\frac{\text{Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity}}{\text{Total Equity}}$	1.72:1	1.39:1	1.37:1
Asset-to-Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	3.31:1	2.84:1	2.9:1
Interest Rate Coverage Ratio	$\frac{\text{Pretax Income before Interest}}{\text{Interest expense}}$	1.98:1	2.81:1	2.66:1

Profitability Ratio	<u>Net Income attributable to equity holders of the Parent Company</u> Total Equity	0.07:1	0.11:1	0.08:1
Return on Equity	<u>Net Income</u> Average Equity excluding Preferred Shares	8.99%	10.59%	11.60%
Return on Assets	<u>Net Income</u> Average Total assets	2.07%	3.73%	2.81%
Net Profit Margin	<u>Net Income</u> Revenue	17%	21%	22.00%
Basic Earnings per Share	<u>Net income less dividends declared</u> Outstanding common shares	0.0796	0.1314	0.0991
Price to Earnings Ratio	<u>Market Price per share</u> Earnings per share	5.09:1	3.5:1	5.05:1
Dividend Yield	<u>Dividends per share</u> Market price per share	2.96%	2.61%	2.40%

December 2023 ratio is based on full year income while Sep 2024 and Sep 2023 ratios are based on nine-month income.

31. EVENTS AFTER THE REPORTING PERIOD

Declaration of Cash Dividends

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

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series D preferred shares	November 5, 2024	November 19, 2024	December 3, 2024	₱45,000,000	₱7.5000

The dividends shall be taken out of the unrestricted earnings of the Parent Company as at September 30, 2024.

Additional Shares Subscription to Subsidiaries

On October 2, 2024, the Parent Company's BOD approved its subscription to 180,000 preferred shares of Bhavya at the price of ₱100.00 per share, or a total of ₱18.0 million.

On October 16, 2024, the Parent Company's BOD approved its subscription to 17,000,000 preferred shares of Pradhana at the price of ₱100.00 per share, or a total of ₱1,700.0 million.

Preferred Shares Series F Offering

On October 25, 2024, the Parent Company received approval from the SEC on the Parent Company's 4.0 million cumulative, non-voting, non-participating, non-convertible, and redeemable Peso-denominated Series F Preferred Shares, with an oversubscription option of up to 2.0 million to be issued at an offer price of ₱500.00 per share.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL POSITION

SEPTEMBER 2024 vs DECEMBER 2023

	SEP 30, 2024	DEC 31, 2023	% Change
Cash and cash equivalents	₱2,447,622,267	₱5,605,296,553	-56%
Financial assets at fair value through profit or loss (FVPL)	2,494,503,030	877,853,288	184%
Receivables	1,740,602,749	2,211,302,746	-21%

	SEP 30, 2024	DEC 31, 2023	% Change
Contract Assets	8,055,625,298	5,608,780,240	44%
Real estate for sale	7,148,490,653	7,548,831,703	-5%
Investment properties	14,163,322,441	13,175,632,447	7%
Property and equipment	310,751,469	315,768,669	-2%
Net retirement asset	-	14,151,768	-100%
Other Assets	2,941,391,425	1,906,428,476	54%
Total Assets	39,302,309,332	37,264,045,890	5%
Accounts payable and other liabilities	4,492,153,073	3,621,061,114	24%
Loans payable	13,437,859,670	11,186,817,196	20%
Bonds payable	5,951,332,814	5,941,522,413	0%
Contract liabilities	414,255,660	198,350,664	109%
Advances from non-controlling interests	1,010,119,597	1,102,119,597	-8%
Net retirement liability	10,451,685	5,145,894	103%
Net deferred tax liabilities	2,098,110,284	2,092,857,227	0%
Total Liabilities	27,414,282,783	24,147,874,105	14%
Equity attributable to equity holders of the Parent Company			
Capital stock	999,757,136	1,005,757,136	-1%
Additional paid-in capital	4,016,918,972	5,973,360,513	-33%
Treasury shares	(1,000,000,000)	(2,000,000,000)	-50%
Parent Company's preferred shares held by a subsidiary	(26,500,000)	(12,500,000)	112%
Retained earnings	5,375,735,829	5,547,760,292	-3%
Other equity reserves	216,566,831	216,566,831	0%
	9,582,478,768	10,730,944,772	-11%
Non-controlling interests	2,305,547,781	2,385,227,013	-3%
Total Equity	11,888,026,549	13,116,171,785	-9%
Total Liabilities and Equity	₱39,302,309,332	₱37,264,045,890	5%

The Company's total assets increased from ₱37.3 billion to ₱39.3 billion as of September 30, 2024.

Causes for any material changes (+/- 5% or more) in the financial statements

56% Decrease in Cash and Cash Equivalents

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

184% Increase in Financial Assets at Fair Value through Profit or Loss

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

21% Decrease in Receivables

The decrease is mainly due to collections of receivables from completed projects as well as derecognition of receivables arising from repossessed units.

44% Increase in Contract Assets

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

5% Decrease in Real Estate for Sale

This is mainly due to sales bookings from buyers of residential projects of the group, net of additional development costs for the period.

7% Increase in Investment Properties

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

100% Decrease in Net Retirement Assets

The decrease is due to higher retirement expense recognized for the period.

54% Increase in Other Assets

The increase is largely due to prepayments for property acquisition and project development cost.

Total liabilities increased 14% from ₱24.1 billion on December 31, 2023 to ₱27.4 billion as at September 30, 2024 due to the following:

24% Increase in Accounts Payable and Other Liabilities

The increase is mainly due to additional deferred output VAT from installment sales.

20% Increase in Loans Payable

The increase pertains mainly to availment of bridge financing used to redeem Preferred Shares Series C, as well as additional loans to finance the development of the ongoing projects of the group.

109% Increase in Contract Liabilities

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

8% Decrease in Advances from Non-Controlling Interests

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

103% Increase in Retirement Liability

The increase is due to additional provision of retirement expense for the period.

Total equity decreased by 9% from ₱13.1 billion on December 31, 2023 to ₱11.9 billion as at September 30, 2024 due to the following:

33% Decrease in Additional Paid-In Capital

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

50% Decrease in Treasury Shares

The decrease is due to the redemption of Preferred Shares Series C net of retirement of Preferred Shares Series B.

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

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

FINANCIAL RATIOS

SEPTEMBER 2024 vs DECEMBER 2023

RATIO	FORMULA	SEP 2024	DEC 2023
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.58:1	2.32:1
Acid Test Ratio	$\frac{\text{Quick Assets}}{\text{Current Liabilities}}$	0.43:1	0.86:1

RATIO	FORMULA	SEP 2024	DEC 2023
Solvency Ratios	$\frac{\text{Net Income before depreciation}}{\text{Total liabilities}}$	0.03:1	0.06:1
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	2.31:1	1.84:1
Debt to Equity Ratio for Loan covenant	$\frac{\text{Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity}}{\text{Total Equity}}$	1.72:1	1.39:1
Asset-to-Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	3.31:1	2.84:1
Interest Rate Coverage Ratio	$\frac{\text{Pretax Income before Interest}}{\text{Interest expense}}$	1.98:1	2.81:1
Return on Equity	$\frac{\text{Net Income}}{\text{Average Equity excluding Preferred Shares}}$	9%	11%
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total assets}}$	2%	4%
Net Profit Margin	$\frac{\text{Net Income}}{\text{Revenue}}$	17%	21%
Basic Earnings per Share	$\frac{\text{Net income less dividends declared}}{\text{Outstanding common shares}}$	0.0796	0.1314
Price to Earnings Ratio	$\frac{\text{Market Price per share}}{\text{Earnings per share}}$	5.09:1	3.50:1
Dividend Yield	$\frac{\text{Dividends per share}}{\text{Market price per share}}$	2.96%	2.61%

FINANCIAL RATIOS

SEPTEMBER 2024 vs SEPTEMBER 2023

Ratio	Formula	SEP 2024	SEP 2023
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.58:1	2.24:1
Acid Test Ratio	$\frac{\text{Quick Assets}}{\text{Current Liabilities}}$	0.43:1	0.88:1
Solvency Ratios	$\frac{\text{Net Income before depreciation}}{\text{Total liabilities}}$	0.03:1	0.04:1
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	2.31:1	1.90:1
Debt-to-Equity Ratio for Loan covenant	$\frac{\text{Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity}}{\text{Total Equity}}$	1.72:1	1.37:1
Asset-to-Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	3.31:1	2.90:1
Interest Rate Coverage Ratio	$\frac{\text{Pretax Income before Interest}}{\text{Interest expense}}$	1.98:1	2.66:1
Return on Equity	$\frac{\text{Net Income}}{\text{Average Equity excluding Preferred Shares}}$	9%	12%
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total assets}}$	2%	3%
Net Profit Margin	$\frac{\text{Net Income}}{\text{Revenue}}$	17%	22%

Ratio	Formula	SEP 2024	SEP 2023
Basic Earnings per Share	$\frac{\text{Net income less dividends declared}}{\text{Outstanding common shares}}$	0.0796	0.0991
Price to Earnings Ratio	$\frac{\text{Market Price per share}}{\text{Earnings per share}}$	5.09:1	4.89:1
Dividend Yield	$\frac{\text{Dividends per share}}{\text{Market price per share}}$	2.96%	2.47%

RESULTS OF OPERATIONS

SEPTEMBER 2024 vs SEPTEMBER 2023

	SEP 30, 2024	% of Sale	SEP 30, 2023	% of Sale	% Change
Revenues	₱4,531,038,634	100%	₱4,417,395,411	100%	3%
Cost and Expenses	3,217,432,863	71%	2,472,620,755	56%	30%
GROSS INCOME	1,313,605,771	29%	1,944,774,656	44%	-32%
Administrative expenses	671,013,934	15%	576,832,686	13%	16%
Selling and marketing expenses	364,399,928	8%	412,416,559	9%	-12%
OPERATING EXPENSES	1,035,413,862	23%	989,249,245	22%	5%
INCOME FROM OPERATIONS	278,191,910	6%	955,525,411	22%	-71%
OTHER OPERATING INCOME (EXPENSES)					
Finance costs	(1,091,635,477)	-24%	(792,744,867)	-18%	38%
Net gain on change in fair value of investment properties	1,513,644,438	33%	716,216,644	16%	111%
Other income – net	370,136,203	8%	406,313,373	9%	-9%
INCOME BEFORE INCOME TAX	1,070,337,074	24%	1,285,310,561	29%	-17%
PROVISION FOR INCOME TAX	279,851,921	6%	314,035,656	7%	-11%
NET INCOME	790,485,153	17%	971,274,905	22%	-19%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of Parent Company	593,200,967	13%	713,939,278	16%	-17%
Non-controlling interests	197,284,185	4%	257,335,627	6%	-23%
	₱790,485,152	17%	₱971,274,905	22%	-19%

For the period ending September 2024, the Group's consolidated revenue increased to ₱4.5 billion from ₱4.4 billion in 2023.

Causes for any material changes (+/- 5% or more) in the financial statements

30% Increase in Cost and Expenses

The increase is relative to higher sales bookings and step-up cost of repossessed units sold for the period.

16% Increase in Administrative Expenses

This is primarily driven by higher personnel costs and benefits for the period.

12% Decrease in Selling & Marketing Expenses

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

38% Increase in Finance Costs

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

111% Increase in Net Gain on Change in Fair Value of Investment Properties

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

9% Decrease in Other Income - net

The decrease is mainly due to reduced income arising from penalties from defaulting accounts.

11% Decrease in Provision for Income Tax

The decrease is due to lower taxable income for the nine-month period in 2024.

RESULTS OF OPERATIONS

July- September 2024 vs July – September 2023

	JUL 1 - SEP 30, 2024	% of Sale	JUL 1 - SEP 30, 2023	% of Sale	% Change
Revenues	₱1,959,926,830	100%	₱1,045,569,271	100%	87%
Cost and Expenses	1,484,131,463	76%	639,511,814	61%	132%
GROSS INCOME	475,795,367	24%	406,057,457	39%	17%
Administrative expenses	237,356,505	12%	217,301,943	21%	9%
Selling and marketing expenses	135,101,272	7%	103,586,921	10%	30%
OPERATING EXPENSES	372,457,777	19%	320,888,864	31%	16%
INCOME FROM OPERATIONS	103,337,590	5%	85,168,593	8%	21%
OTHER OPERATING INCOME (EXPENSES)					
Finance costs	(378,506,824)	-19%	(267,480,591)	-26%	42%
Net gain on change in fair value of investment properties	635,845,729	32%	-	-	100%
Other income – net	72,376,851	4%	267,524,387	26%	-73%
INCOME BEFORE INCOME TAX	433,053,346	22%	85,212,389	8%	408%
PROVISION FOR INCOME TAX	109,432,281	6%	18,324,901	2%	497%
NET INCOME	₱323,621,065	17%	66,887,488	6%	384%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of Parent Company	320,154,527	16%	15,767,220	2%	1931%
Non-controlling interests	3,466,538	0%	51,120,268	5%	93%
	₱323,621,065	17%	₱66,887,488	6%	384%

The Group's net income after tax increased by 384% quarter-on-quarter from ₱66.9 million in 2023 to ₱323.6 million in 2024.

Causes for any material changes (+/- 5% or more) in the financial statements

87% Increase in Revenues

The increase is mainly due to higher sales from the residential projects of the Group and the initial revenue recognition of Sevina UNA Tower 1 recorded for the period.

132% Increase in Cost of Sales and Services

The increase is relative to higher sales revenues for the period.

9% Increase in Administrative Expenses

The increase is mainly due to increase in personnel cost and benefits for the period.

30% Increase in Selling and Marketing Expenses

The increase is largely due to increase in Broker's fees relative to higher Revenues.

42% Increase in Finance Costs

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

100% Increase in Gain on change in FV of Investment Properties

The increase is due to appraisal gain recognized for office and retail units and land properties of the Group.

73% Decrease in Other Income - Net

The decrease is largely attributable to reduced income arising from repossessions.

497% Increase in Provision for income tax

The increase is due to higher gain from revaluation of investment properties during the quarter.