COVER SHEET

AS94007160

SEC Registration Number

ARTHALAND CORPORATION

(Company's Full Name)

7F ARTHALAND CENTURY PACIFIC TOWER, 5TH AVENUE CORNER 30TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, 1634

(Business Address: No. StreetCity/Town/Province)

Atty. Riva Khristine V. Maala

(Contact Person)

(+632) 8403-6910

(Company Telephone Number)

12 **31**

Month *Day*

(Fiscal Year)

DEFINITIVE

20-IS

(Form Type)

06 **28**

Month *Day*

(Annual Meeting)

2024

N.A.

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,918

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

ARTHALAND
BUILDING SUSTAINABLE LEGACIES

NOTICE
OF
ANNUAL STOCKHOLDERS MEETING

NOTICE is hereby given that the **2024** annual stockholders meeting of **ARTHALAND CORPORATION** will be held on **28 June 2024, Friday**, **9:00 A.M.** at the **Sapphire Room, 8/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634** and will be convened by the Presiding Officer in said address. Attendees who may want to attend through remote communication and participate during the meeting must register at

https://us02web.zoom.us/webinar/register/WN_yQNoVUVTRwGLyYdhNp5YUg

The Agenda for the meeting is as follows:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of Minutes of
   a. Annual Stockholders Meeting held on 30 June 2023, and
   b. Special Stockholders Meeting held on 31 January 2024
4. Notation of Management Report
5. Ratification of Acts of the Board of Directors and Management During the Previous Year
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor for 2024
8. Other Matters
9. Adjournment

Only stockholders of record on **07 June 2024** will be entitled to further notice of and to vote at this meeting. Electronic copies of the Information Statement which will include the manner of conducting the meeting and the process on how one can join the same, as well as vote *in absentia*, among other relevant documents, will be made available in www.arthaland.com and the Electronic Disclosure Generation Technology of the Philippine Stock Exchange (PSE EDGE).

WE ARE NOT SOLICITING YOUR PROXY. However, if you cannot personally attend the meeting or participate through remote communication but would still like to be represented thereat and be considered for quorum purposes, you may inform the Office of the Corporate Secretary at the address indicated below or through investor.relations@arthaland.com not later than **21 June 2024 (Friday)**. You will thereafter be advised the following business day of any further action on your part, which may include accomplishing a proxy.

RIVA KHRISTINE V. MAALA
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. **DEFINITIVE Information Statement**

2. Name of Registrant as specified in its charter: **ARTHALAND CORPORATION**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **ASO-94-007160**

5. BIR Tax Identification Number: **004-450-721-000**

6. **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City** **1634**
   Address of Principal Office Postal Code

7. **(+632) 8403-6910**
   Registrant's telephone number, including area code

8. **Not Applicable**
   Former name, former address and former fiscal year, if changed since last report

9. **28 June 2024, 9:00 A.M., Sapphire Room, 8/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City (also available through remote communication [see Item 1])**
   Date, time and place of the meeting of security holders

10. **05 June 2024**
    Approximate date on which the Information Statement is first to be sent or given to security holders

11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Stock Outstanding *(As of 31 May 2024)*	Amount of Debt Outstanding *(As of 31 May 2024)*
Common	**5,318,095,199 (₱0.18 par value)**	**None**
Preferred Series A	**12,500,000 (₱1.00 par value)**	**None**
Preferred Series B	**20,000,000 (₱1.00 par value)**	**None**
Preferred Series C	**10,000,000 (₱1.00 par value)**	**None**
Preferred Series D	**6,000,000 (₱1.00 par value)**	**None**
Preferred Series E	**1,500,000 (₱1.00 par value)**	**None**

12. Are any or all of these securities listed on a Stock Exchange? **Yes [x]** No [ ]
    If yes, disclose the name of such stock exchange and the class of securities listed therein:

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

WE ARE NOT ASKING YOU FOR A PROXY

A. GENERAL INFORMATION

ITEM 1. Date, Time and Place of ANNUAL STOCKHOLDERS MEETING of Security Holders

a. Date : 28 June 2024 (Friday)
Time : 9:00 A.M.
Venue : Sapphire Room, 8/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City

Stockholders who may want to attend through remote communication and participate during the meeting must register at

https://us02web.zoom.us/webinar/register/WN_yQNoVUVTRwGLyYdhNp5YUg

Registration will open on 07 June 2024 (Friday).

Those who cannot personally attend the meeting or participate through remote communication but would still like to be represented thereat and be considered for quorum purposes may inform the Office of the Corporate Secretary at the address herein indicated or through investor.relations@arthaland.com not later than 21 June 2024 (Friday), and will be advised the following business day of any further action necessary, which may include the execution of a proxy, a draft of which is available at www.arthaland.com.

b. Principal Address of Issuer: 7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City 1634

c. The approximate date on which the Information Statement is first sent or given to security holders is 05 June 2024.

ITEM 2. Dissenters' Right of Appraisal

The stockholders' right of appraisal is given under the instances provided in Section 80, Title X, Appraisal Right, of the Revised Corporation Code of the Philippines, as follows:

> Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances: (a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code; (c) In case of merger or consolidation; and (d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

For the valid exercise of the appraisal right, **ARTHALAND CORPORATION ("Arthaland")** adopts the procedure laid down in Section 81 of the Revised Corporation Code, as follows:

1. The dissenting stockholder must have voted against the proposed corporate action.

2. The dissenting stockholder must make a written demand for the payment of the fair value of shares within thirty (30) days from the date the vote was taken. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right.

From the time of demand, all rights accruing to the shares, including voting and dividend rights, shall be suspended in accordance with the provisions of the Revised Corporation Code, except the right of the stockholder to receive payment of the fair value of his/its shares. The dividend, voting and other rights of the dissenting stockholder shall be restored if Arthaland fails to pay the fair value within thirty (30) days after the award.

If the proposed corporate action is implemented, Arthaland shall pay the stockholder, upon surrender of the certificate/s of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and Arthaland cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by Arthaland, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid Arthaland within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless Arthaland has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by Arthaland of the agreed or awarded price, the stockholder shall forthwith transfer the shares to Arthaland.

3. The right of payment shall cease under the following instances:

   a. If the dissenting stockholder withdraws his/its demand for payment, subject to Arthaland's consent;
   b. If Arthaland abandons the proposed action;
   c. If the Securities and Exchange Commission (SEC) disapproves the proposed action; and,
   d. Where the SEC determines that such stockholder is not entitled to the appraisal right.

In the forthcoming Annual Stockholders' Meeting, there are no matters or proposed corporate actions which may give rise to a possible exercise by stockholders of their appraisal right under Title X of the Revised Corporation Code.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be acted upon

While certain persons may have interest in the matters to be acted upon in the annual meeting, Arthaland has not received any written information from any Director, nominee or stockholder as of the date of this Information Statement with respect to any intention to oppose any action to be taken up at the meeting. Further, there is no matter to be acted upon in the meeting in which any Director or Executive Officer of Arthaland is involved, or had a direct, indirect or substantial interest.

(This portion is intentionally left blank.)

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

a. **Class entitled to vote (*as of 31 May 2024*)**

Class of Shares	*No. of Shares*	*Shares Owned by Foreigners*	*Voting Rights*
Common Shares	5,318,095,199	16,568,210 (0.3115%)	One (1) vote per share
Preferred Shares Series A	12,500,000	0 (0%)	One (1) vote per share
Preferred Shares Series C	10,000,000	24,520 (0.2452%)	One (1) vote per share
Preferred Shares Series D	6,000,000	70,430 (1.17%)	One (1) vote per share
Preferred Shares Series E	1,500,000	0 (0%)	One (1) vote per share

Only the Common shares are entitled to vote on the items to be presented during the annual meeting.[1]

b. All stockholders of record at the close of business on 07 June 2024 will be entitled to notice of and to vote at the Annual Stockholders Meeting. The electronic copy of this Information Statement which includes the manner of conducting the meeting and the process on how one can join the same, as well as vote through proxy, remote communication or *in absentia*, among other relevant documents, is available in www.arthaland.com and in the Electronic Disclosure Generation Technology of the Philippine Stock Exchange (PSE EDGE).

c. **Cumulative Voting Rights**

Section 4, Article II of Arthaland's By-laws provides, as follows:

> "At all stockholders' meetings, every stockholder entitled to vote in accordance with Section 4 of Article VI of these By-laws shall be entitled to one (1) vote for each share of voting stock standing in his name in the proper book of the Corporation at the time of closing thereof for the purpose of the meeting.

[1] Under Section 6 of the Revised Corporation Code, "xxx No share may be deprived of voting rights except those classified and issued as "preferred" or "redeemable" shares, unless otherwise provided in this Code xxx."

"The right to vote of stockholders may be exercised in person, through proxy or remote communication, *in absentia*, or through such alternative modes as may be provided by applicable laws and regulations.

"At every election of directors, each stockholder entitled to vote during the meeting in accordance with Section 4 of Article VI of these By-laws is entitled to one (i) vote for each share of stock held by him for as many persons as there are directors to be elected, or to cumulate said shares and give one (1) candidate as many votes as the number of directors multiplied by the number of his share shall equal, or to distribute such votes on the same principle among as many candidates as he shall think fit."

The total number of votes to be cast by the stockholder must not exceed the number of shares owned by him/it as shown in the books of Arthaland multiplied by the whole number of directors to be elected.

d. **Security Ownership of Certain Record and Beneficial Owners and Management**

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

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

PCD Nominee Corporation (Filipino) is the holder of 1,648,988,040 Common shares, or 31.007% of the total issued and outstanding Common shares of Arthaland.

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

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

Title of Class	*Name and Position of Record Owners*	*Citizenship*	*Number of Shares & Nature of Ownership*	*% of Class*
Common	Ernest K. Cuyegkeng *Chairman of the Board*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Jaime C. González *Vice Chairman and President*	Filipino	76,715,151 Direct and Beneficial Owner	1.44 %
Common	Jaime Enrique Y. González *Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Cornelio S. Mapa, Jr. *Treasurer and Executive Vice President*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Christopher Paulus Nicolas T. Po *Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Ricardo Gabriel T. Po *Vice Chairman*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Denise Loreena V. de Castro *Independent Director*	Filipino	1 Direct and Beneficial Owner	0.00 %

Common	Hans B. Sicat *Independent Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
Common	Andres B. Sta. Maria *Independent Director*	Filipino	1 Direct and Beneficial Owner	0.00 %
None	Riva Khristine V. Maala *Corporate Secretary and General Counsel*	Filipino	0	N.A.
None	Margeline C. Hidalgo Assistant *Corporate Secretary*	Filipino	0	N.A.

		TOTAL	**76,715,159 shares**	

None of the present directors and officers works or is connected with any government agency.

(3) Voting Trust Holders of 5% or More

There are no voting trust holders registered in the books of Arthaland.

(4) Changes in Control

During the Annual Stockholders Meeting held on 30 June 2023, the stockholders elected the following as the members of the Board of Directors for the year 2023-2024 to hold office as such and until their respective successors are duly nominated, elected and qualified:

Regular Directors

1. Mr. Ernest K. Cuyegkeng
2. Mr. Jaime C. González
3. Mr. Jaime Enrique Y. González
4. Mr. Cornelio S. Mapa, Jr.
5. Mr. Christopher Paulus Nicolas T. Po
6. Mr. Ricardo Gabriel T. Po

Independent Directors

7. Ms. Denise Loreena V. de Castro
8. Mr. Hans B. Sicat, and
9. Mr. Andres B. Sta. Maria

During the Organizational Meeting of the Board of Directors held immediately after the foregoing stockholders meeting, the following were elected as officers for the year 2023-2024 to hold office as such and until their respective successors are duly nominated, elected and qualified, to wit:

Chairman	Mr. Ernest K. Cuyegkeng
Vice Chairman and President	Mr. Jaime C. González
Vice Chairman	Mr. Ricardo Gabriel T. Po
Treasurer	Mr. Cornelio S. Mapa, Jr.
Corporate Secretary	Ms. Riva Khristine V. Maala
Assistant Corporate Secretary	Ms. Margeline C. Hidalgo

Other than the foregoing, there is no change in ownership control since the previous annual meeting.

ITEM 5. Directors, including Independent Directors, and Executive Officers

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

Name of Director	Directorship	Date of First Appointment	Age[2]
Ernest K. Cuyegkeng	Non-Executive	21 May 2007	78
Jaime C. González	Executive	21 May 2007	78
Jaime Enrique Y. González	Non-Executive	24 June 2011	47
Christopher Paulus Nicolas T. Po	Non-Executive	24 June 2011	53
Cornelio S. Mapa, Jr.	Executive	25 June 2021	57
Ricardo Gabriel T. Po	Non-Executive	28 March 2012	56
Denise Loreena V. de Castro	Independent	30 June 2023	48
Hans B. Sicat	Independent	30 June 2017	63
Andres B. Sta. Maria	Independent	24 June 2016	75

Ernest K. Cuyegkeng, Filipino, recently retired as President and Chief Operating Officer of A. Soriano Corporation but remains a consultant thereof. His other concurrent positions include being the President and Director of Phelps Dodge Philippines International, and a Director of Seven Seas Resorts & Leisure, Prople, KSA Realty, Phinma Insurance Brokers, Inc., iPeople, Inc., Sumifru Singapore and Sumifru Philippines. He is also a Trustee of Andres Soriano Foundation and is a member of the Makati Business Club, Management Association of the Philippines, and Financial Executive Institute of the Philippines. He holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in Business Administration, both from the De La Salle University. He also obtained a Masters degree in Business Administration from the Columbia Graduate School of Business in New York.

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

[2] As of the date of this Report.

Food Society.

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

Christopher Paulus Nicolas T. Po, Filipino, is the Executive Chairman of Century Pacific Food, Inc., a food company listed in the PSE. He concurrently serves as Chairman of Shakey's Pizza Asia Ventures, Inc., likewise a listed chain restaurant business, and is an independent director of Maya Bank, Inc. and a director of AB Capital and Investment Corporation. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey & Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines and retail. He graduated in 1991 from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering). He holds a Master's degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University, serves as a Board member of the Child Protection Network as well as Asia Society Philippines, and is the President of the CPG-RSPo Foundation.

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

Ricardo Gabriel T. Po, Filipino, is the Vice Chairman of Century Pacific Food, Inc.

(CNPF), and concurrently serves as Vice Chairman of Shakey's Pizza Asia Ventures, Inc. He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated *magna cum laude* from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Denise Loreena V. de Castro, Filipino, was elected as an independent director on 30 June 2023, replacing Mr. Fernan Victor P. Lukban, whose term of office had expired. Ms. De Castro is the Principal Architect of DEQA Design Collaborative (formerly DDC Architectural Studio), an award-winning studio she founded in 2010 that integrates planning, architecture, interior, and product design with the expertise of affiliated specialty consultants. She obtained her Bachelor of Arts in Architecture at Wellesley College and earned her Master's in Architecture from Harvard University Graduate School of Design. She worked previously at IDEO (San Francisco) and Lor Calma Design Associates (Manila). Multiple publications and associations recognize her as one of the Philippines' Best Architects. Her practice focuses on designing for the well-being and sustainability of people and the planet through their unique methodology of Well-Living Design.

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

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

Hamilton and Coudert Brothers. Mr. Sta. Maria maintains a private practice in commercial and corporate law.

Term of Office

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

None of the present directors and officers works or is connected with any government agency.

b. **Procedure for the Nomination and Election of Independent Directors**

Section 2, Article III of Arthaland's By-laws provides for the Procedure for the Nomination & Election of Independent Directors, as follows:

> "The Board of Directors shall be composed of nine (9) members, at least two (2) of whom shall be independent directors. The directors shall be elected at the annual stockholders' meeting and their term of office shall be one (1) year and until their successors shall have been elected at the next annual stockholders' meeting and have qualified in accordance with these By-laws and under pertinent laws and regulations of the Philippines.
>
> "To be eligible for nomination or election to the Board of Directors, the candidate must possess all the qualifications and none of the disqualifications enumerated in these By-laws and the Rules of the Corporation's Nomination Committee, and must abide by the nomination process as stated therein.
>
> "An independent director is a director who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director, and includes, among other persons, one who:
>
> a. is not or has not been an officer or employee of the Corporation, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election (other than as an independent director of any of the foregoing);
>
> b. is not a director or officer of the related companies of the Corporation's majority stockholders (other than as an independent director thereof);
>
> c. is not a majority stockholder of the Corporation, any of its related companies, or of its majority stockholders;
>
> d. is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law, of any director, officer or majority stockholder of the Corporation or any of its related companies;
>
> e. is not acting as nominee or representative of any director or substantial stockholder of the Corporation, any of its related companies or any of its substantial stockholders;

f. is not retained, or within the last two (2) years has not been retained, as a professional adviser, consultant, agent or counsel of the Corporation, any of its related companies or any of its substantial stockholders, either in his personal capacity or through his firm, or has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial stockholders, whether by himself or with other persons, or through a firm of which he is a partner or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arms-length and could not materially interfere with or influence the exercise of his judgment;

g. is not affiliated with or employed by or within the last three (3) years, has not been affiliated with or employed by the Corporation's present or former external auditors or affiliates; and,

h. complies with all the qualifications required of an independent director and does not possess any of the disqualifications, and has not withheld nor suppressed any information material to his qualification or disqualification as an independent director.

"When used in relation to the Corporation, "related company" means another company which is (i) its holding company; (ii) its subsidiary; or (iii) a subsidiary of its holding company; and "substantial stockholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

"No person shall qualify or be eligible for nomination or election to the Board of Directors (i) if he is engaged in any business that competes with or is antagonistic to that of the Corporation or its subsidiaries, taking into consideration such factors as business and family relationships, provided that the Nomination Committee shall have sole discretion to determine whether such competition or antagonism exists; or (ii) if he is employed by any government agency or a government owned or controlled corporation; or (iii) if he has or had, by himself or on behalf of an entity he represents, instituted any action or has a pending suit against any of the Corporation's directors or any stockholder who owns at least 10% of the total outstanding shares of the Corporation. Further, no person shall qualify or be eligible for election to the Board of Directors if his nomination is disapproved by at least fifty-one percent (51%) vote of the Board of Directors.

"In addition, no person shall qualify or be eligible for nomination or election to the Board of Directors if he is suffering from any of the following grounds for permanent disqualification:

a. Conviction by final judgment or order of a competent judicial or administrative body of any crime that (i) involves moral turpitude or similar fraudulent acts or transgressions such as fraud, embezzlement, theft, *estafa*, counterfeiting, misappropriation, forgery, bribery, false affirmation, or perjury; (ii) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (iii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iv) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them. For purposes of this Section, "similar fraudulent acts or transgressions" shall be defined as anything calculated to deceive, including all acts, omissions and concealment involving a breach of legal or equitable duty, trust or confidence justly reposed, resulting in damage to another, or by which an undue advantage is taken of another;

b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission, or any court of competent jurisdiction, or any administrative body which the Corporation is subject of, from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, investment company, or any corporation; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws governing securities and banking activities;

   The disqualification shall also apply if such person is currently the subject of an order of the Commission, or any court, or any administrative body which the Corporation is subject of, denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code, or any other law administered by the Commission or *Bangko Sentral ng Pilipinas* (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

c. Convicted or adjudged by final judgment or order by a court or administrative body which the Corporation is subject of, of an offense punishable by imprisonment for a period exceeding six (6) years, or to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or the BSP, committed within five (5) years prior to the date of election as director;

d. Any person earlier elected as an independent director who becomes an officer, employee or consultant of the Corporation;

e. Judicial declaration of bankruptcy or insolvency; and,

f. Final judgment or order of a foreign court or equivalent regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above.

"The following reasons shall also be considered by the Nomination Committee in evaluating the qualifications of all persons nominated to the Board and such other appointments which require Board approval:

a. Refusal to fully disclose the extent of his business interests as required under the Securities Regulation Code and its Implementing Rules and Regulations;

b. Absence or non-participation for whatever reason/s in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident;

c. Dismissal/termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission;

d. Being under preventive suspension by the Corporation; and

e. If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock.

"For the proper implementation of the provisions of this Section, all nominations for the election of directors by the stockholders shall be submitted in writing to the Nomination Committee through the Secretary at the Corporation's principal place of business at least sixty (60) business days before the date of the stockholders' meeting called for the purpose of electing directors, or at such earlier or later date that the Board of Directors may fix.

"The decision of the Nomination Committee is final for purposes of the election."

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In accordance with the foregoing provision, and in order to enable any and all shareholders to participate in the nomination process, the deadline for the submission of nominees to the Board, including those for independent directors the qualifications of whom must meet those mentioned in the abovementioned section of Arthaland's By-laws, was set on 26 April 2024.

Section 14, Article III of Arthaland's By-laws further provides that the nomination of independent directors shall be conducted by the Nomination Committee[3] prior to a stockholders meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors.

[3] Renamed Governance and Nomination Committee and composed presently of Messrs. Ricardo Gabriel T. Po (Chairman), Hans B. Sicat and Andres B. Sta. Maria.

After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, which list shall be made available to all stockholders through the filing and distribution of this Information Statement in accordance with the Securities Regulation Code or in such other reports Arthaland is required to submit to the SEC. The name of the person or group of persons recommending the nomination of the independent director shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual stockholders meeting.

Except as those required under the Securities and Regulation Code and subject to pertinent existing laws, rules and regulations of the SEC, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures under the By-laws of Arthaland.

The Chairman of the Annual Stockholders Meeting shall be responsible for informing all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the said stockholders' meeting and specific slot/s for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Below is the Final List of Candidates as directors and independent directors of Arthaland for the ensuing year:

A. Nominees for Regular Directors

1. Mr. Ernest K. Cuyegkeng
2. Mr. Jaime C. González
3. Mr. Jaime Enrique Y. González
4. Mr. Cornelio S. Mapa, Jr.
5. Mr. Christopher Paulus Nicolas T. Po
6. Mr. Ricardo Gabriel T. Po

B. Nominees for Independent Directors

7. Ms. Denise Loreena V. de Castro
8. Mr. Hans B. Sicat
9. Mr. Andres B. Sta. Maria

The above nominees are all incumbent directors of Arthaland. Their respective qualifications and the positions they held and/or business experience for the past five (5) years are reflected in Item 5a of this Information Statement.

Ms. De Castro and Messrs. Sicat and Sta. Maria were nominated as independent directors by Mr. Ernest K. Cuyegkeng. None of these nominees for independent directors are in any way related to the party who nominated them or to any one of the shareholders of Arthaland owning more than five percent (5%) of its voting shares. They possess all the qualifications and none of the disqualifications to become independent directors of Arthaland. Further, they are not officers or employees of Arthaland or any of its subsidiaries and are free from any business or other relationships with Arthaland or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors. Copies of the Certification of Independent Directors of Messrs. Sicat and Sta. Maria, and Ms. de Castro are attached to this Information Statement.

Arthaland complies with the term limits of its independent directors.

None of Arthaland's incumbent directors or its nominees for directors and independent directors for the ensuing year works for or is connected with any government agency or instrumentality.

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

The following are the incumbent principal corporate officers of Arthaland:

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

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

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

<u>Term of Office</u>:

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

d. **Significant Employees**

Other than the above-named directors and corporate officers, the following are significant or key personnel of Arthaland who make a significant contribution to its business, and none of them works or is connected with any government agency or instrumentality:

Christopher G. Narciso, Filipino, is the Executive Vice President who oversees the concerns of Business and Project Development, Customers Account Management, Construction Management, Planning and Design, Construction Cost Management, and Strategic Procurement. Prior to joining Arthaland, Mr. Narciso was an Executive Director of the Philippine Transmarine Carriers Group and the Concurrent Chief Operating Officer of ACM Landholdings, Inc. He was also at one time the Chief Operating Officer of Taft Property Ventures Development Corporation, a member of Metro Gaisano Vicsal Development Corporation. He worked at Robinsons Land Corporation from 2007 until 2013, and Narel Realty and Development Corporation from October 1995 to March 2007. Mr. Narciso graduated from the De La Salle University with a Bachelor of Science degree in Industrial Management Engineering, minor in Chemical Engineering, and also earned units in Masters in Business Administration from the University of Western Australia. He is a past National President of the Subdivision and Housing Developers Association and serves as a board adviser. He is also a member of Rotary Club Makati West and Brotherhood of Christian Business and Professionals (BCBP).

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

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

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

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

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

Aristides Antonio C. Gonzales, Filipino, was appointed as Head of the Business and Project Development Department on 23 February 2022. Mr. Gonzales is a graduate of the De La Salle University with a Bachelor of Science degree in Civil Engineering, major in Structural Design, and he obtained his Master's Degree in Business Administration from the Asian Institute of Management. He is a licensed Civil Engineer and a Real Estate Broker, with over 16 years of professional experience in the field of business and project development specific to the real estate industry. He spent the majority of his career in Alveo Land Corporation overseeing its expansion and development in key growth areas of the country such as Makati, Alabang, Nuvali, Cavite, Tagaytay and Cebu.

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

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

Felix Cicero C. Tiukinhoy, Filipino, was appointed as Head of Customer Account Management on 01 August 2023. He finished his formal education from De La Salle University with an Economics Degree. He took up his Masters in Business Management from the Asian Institute of Management. Prior to joining Arthaland, he was the Group CFO of Taft Property Ventures Development Corp. and Midland Development Corp., and, previous to that, the Group Head of their Customer Account Management. He has a wealth of experience in General Management, Financial Management and Organizational Development in local and international companies engaged in different industries such as banking and finance, education and real estate. He drove the Company's financial planning and financial oversight over six (6) affiliated companies including the JV Company (HT Land, Inc.), a joint venture with Hongkong Land, with a 20-hectare project in Cebu known as Mandani Bay.

Maria Elena M. Fajardo, Filipino, was appointed as the Head of the Human Resources and Administration Department on 25 October 2023. She finished her Bachelor of Arts degree in

Political Science with a major in International Relations and Economics, from the University of the Philippines. She took up her Bachelor of Laws degree from San Beda University and is currently doing her Executive MBA at the Asian Institute of Management. Ms. Fajardo worked with the Philippine franchise of a Singapore-based educational institution, Informatics Holdings Philippines, Inc., in 2011, and joined Taft Property Development Corp., the real-estate arm of VICSAL Holdings Corp. of the Gaisano group of companies, in 2015. Prior to joining Arthaland, she was the Human Resource Director for Total Rewards and Learning and Organizational Development of PTC Holdings Corp.

Gerard Vincent Casanova, Filipino, was appointed as Head of the Information and Business Technology (IT) Department and Arthaland's Data Privacy Officer effective on 01 February 2024 following the retirement of Mr. Clarence P. Borromeo on 31 January 2024. He graduated from the De La Salle University where he took up Bachelor of Science in Computer Science. Before joining Arthaland in 2021 as Deputy Head of the Department, he worked for SM Investments Corporation, Royal Carribean Cruises, Star Cruises and Ayala Corporation. Mr. Casanova has an extensive experience on broad spectrum of technologies including, but not limited to, SAP, Hyperion Systems, Readsoft, and ZOHO. He is a results-oriented professional with over 17 years of experience in the field of information technology in different industries and has extensive expertise in product and project management.

e. **Family Relationship**

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

f. **Involvement in Certain Legal Proceedings**

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

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

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

In 2014, the DOJ found no probable cause to hold Mr. González and his co-respondents liable for the charges of PDIC against them and dismissed the complaint. PDIC's Motion for Reconsideration was likewise denied. PDIC filed a Petition for Review before the Secretary of Justice but there is no decision on the matter to date. A Motion to Resolve was recently filed by the respondents to which PDIC did not object.

In March 2016, PDIC filed a civil complaint for sum of money against Mr. González, among others, arising from the same set of allegations and circumstances stated in the above complaint PDIC filed with the DOJ, *i.e.* that Mr. González and his co-defendants committed fraud with the concealment of the engagement of the company which Mr. González was an officer of, as the bank's financial advisor, and demanded from the defendants the return of the payment made by the bank to a third party. The individual defendants denied PDIC's assertions and presented evidence that there was full disclosure of the questioned transaction given that a PDIC officer was a member of the bank's board of directors at the time.

On 12 November 2021, the trial court denied the PDIC's application for preliminary attachment without prejudice to further evidence that may be presented in the trial proper to prove the alleged fraud. Trial is ongoing.

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

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

   In March 2017, the DOJ charged Mr. González and Ms. Maala, among other respondents in this case, for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended, while the charges for the violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689 were dismissed. Mr. González and Ms. Maala filed their respective Motions for

Partial Reconsideration in December 2018, and in February 2019, the DOJ dismissed altogether the criminal complaint against the respondents for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended. PDIC filed a Petition for Review of the said dismissal before the Office of the DOJ Secretary on 14 May 2019 and there is no decision on the matter to date.

On the other hand, in May 2017, the BSP issued a Decision formally charging Mr. González, Ms. Maala and the other respondents for committing irregularities under Section 37 of R.A. No. 7653, and committing unsafe or unsound banking practices under Section 56 of R.A. No. 8791 in relation to Section 37 of R.A. No. 7653. Presently, the case is with the Office of the General Counsel and Legal Services of the BSP and is pending resolution.

g. **Certain Relationships and Related Transactions**

In the regular conduct of its business, Arthaland and its subsidiaries enter into intercompany transactions, primarily advances by Arthaland to a subsidiary which are necessary to carry out the latter's functions, subject to liquidation and reimbursements for expenses. Arthaland ensures that while these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, they are fair and treated at arm's length.

Except for the foregoing and related disclosures on intercompany transactions between Arthaland and its subsidiaries for the period covered by this Information Statement as further discussed in the audited financial statements hereto attached as an integral part hereof, there are no other transactions (or series of similar transactions) with or involving any of Arthaland's subsidiaries, affiliates or related companies in which a director or an executive officer or a stockholder who owns ten percent (10%) or more of Arthaland's total outstanding shares, or member/s of their immediate family, had or is to have a direct or indirect material interest.

Further, no director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of Arthaland because of a disagreement on matters relating to its operations, policies, and practices.

ITEM 6. Compensation of Directors and Executive Officers

a. Compensation of Directors and Executive Officers

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

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

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

The current members of Arthaland's various committees are:

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

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

The compensation of Arthaland's directors for the last two years and the number of board meetings they attended in 2023 are as follows:

Name of Director	Board meetings attended in 2023)	2023 (₱)	2022 (₱)
Ernest K. Cuyegkeng	8/8	800,000.00	700,000.00
Denise Loreena V. de Castro	4/8	330,000.00	n.a.
Jaime C. González	8/8	125,000.00	90,000.00
Jaime Enrique Y. González	7/8	105,000.00	65,000.00
Fernan Victor P. Lukban[4]	3/8	232,000.00	615,000.00
Cornelio S. Mapa, Jr.	7/8	105,000.00	87,500.00
Christopher Paulus Nicolas T. Po	6/8	90,000.00	87,500.00
Ricardo Gabriel T. Po	6/8	115,000.00	70,000.00
Hans B. Sicat	7/8	572,500.00	625,000.00
Andres B. Sta. Maria	8/8	647,500.00	622,500.00
Total		3,122,000.00	2,962,500.00

The compensation of Arthaland's officers and other employees for the last two years is as follows:

2023

	Salary[5]	Bonus	Others
Executives[6] includes Jaime C. Gonzalez, *Vice Chairman and President,*	₱111.86M	₱15.37	None

[4] For the period of January to June 2023 only as the term of office of Mr. Lukban has expired and he was replaced by Ms. Denise Loreena V. de Castro.
[5] Rounded-off.
[6] Includes all employees with the rank of Vice President and higher.

and the four highest compensated officers: i. Cornelio S. Mapa, Jr., *Treasurer and Executive Vice President* ii. Christopher G. Narciso, *Executive Vice President* iii. Sheryll P. Verano, *Head, Strategic Funding and Investments*, and iv. Marivic S. Victoria, *Chief Finance Officer*			
Officers (As a group unnamed)[7]	₱86.43M	₱6.13M	None

2022

	Salary[8]	Bonus	Others
Executives[9] includes Jaime C. Gonzalez, the *Vice Chairman and President*, and the four highest compensated officers: i. Cornelio S. Mapa, Jr., *Treasurer and Executive Vice President* ii. Christopher G. Narciso, *Executive Vice President* iii. Gabriel I. Paulino[10], *Head*, Technical Services, and iv. Sheryll P. Verano, *Head*, Strategic Funding and Investments.	₱100.12M	₱6.449M	None
Officers (As a group unnamed)[11]	₱62.67M	₱4.20M	None

Estimated Compensation for 2024 (Collective)

	Salary[12]	Bonus	Others
Directors and Executives	₱127.10M	None[13]	None
Officers (As a group unnamed)	₱86.80M		

[7] Includes all employees with the rank of Manager up to Senior Assistant Vice President.
[8] Rounded-off.
[9] Includes all employees with the rank of Vice President and higher.
[10] Retired effective 31 December 2022.
[11] Includes all employees with the rank of Manager up to Senior Assistant Vice President.
[12] Rounded-off.
[13] Whether bonuses will be given in 2024 is uncertain at this time.

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

During Arthaland's annual meeting held on 16 October 2009, the stockholders representing more than sixty-seven percent (67%) of all its issued and outstanding common shares which are entitled and qualified to vote approved Arthaland's Stock Option Plan (the "2009 ALCO Stock Option Plan"). The total amount of shares available for issuance for this purpose amount to 10% of Arthaland's total outstanding capital stock at any given time, which was equivalent to 531,809,519 common shares then.

Under this 2009 ALCO Stock Option Plan, the Stock Option and Compensation Committee consisting of at least three (3) directors, one (1) of whom is an independent director, administered the implementation of this plan. The qualified employees eligible to participate were (i) members of the Board, with the exception of the independent directors; (ii) President and CEO and other corporate officers, which include the Corporate Secretary and the Assistant Corporate Secretary; (iii) Employees and Consultants who are exercising managerial level functions or are members of the Management Committee; and (iv) Executive officers assigned to Arthaland's subsidiaries or affiliates[14].

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

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

(i) Within the first twelve (12) months from Grant Date - up to 33.33%
(ii) Within the 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 the Exercise Date, the qualified employee should pay the full Purchase Price or in such terms as may be decided upon by the Committee.

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

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

[14]Arthaland must have at least 50% equity holdings of said subsidiary or affiliate.

The Stock Option and Compensation Committee pegged the price the option is to be exercised at the five-day volume weighted average price per share beginning 17 December 2018, or until 21 December 2018. Said price was at ₱0.85 per share.

Qualified employees were granted options in 2019.

On 25 March 2020, the price of the options granted as abovementioned was changed to ₱0.50 per share after the Board of Directors determined that the ₱0.85 per share was no longer competitive as it defeats the purpose of granting options. The objective of the 2009 ALCO Stock Option Plan is to furnish a material incentive to qualified employees of Arthaland by making available to them the benefits of stock ownership of Arthaland through stock options and thereby increase their concern for Arthaland's long term progress and well-being.

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

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

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

Following the directive of the Markets and Securities Regulation Department of the SEC, during the joint meeting of the Board of Directors and the Stock Option and Compensation Committee held on 22 March 2023, the Board approved the amendments proposed by the Stock Option and Compensation Committee 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, or from 531,809,519 to just 265,904,760 common shares, provided that Arthaland reserves its right to subsequently increase the allocated number of option shares in accordance with the Securities Regulation Code.

As of the date of this Information Statement, 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.

The closing price of Arthaland's common shares as of 31 April 2024 was ₱0.49 per share.

ITEM 7. Independent Public Accountant

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

Reyes Tacandong & Co. (RT&Co) was first appointed as the external auditor of Arthaland in 2012 and remains such to date. The Certifying Partners were Ms. Carolina P. Angeles for the years 2012-2016 and Ms. Michelle R. Mendoza-Cruz for the years 2017-2023.

With the endorsement of the Audit and Risk Committee during its meeting on 20 March 2024, the Board appointed RT&Co anew as Arthaland's external auditor for 2024 but this time with Ms. Carolina P. Angeles as Partner-in-Charge[15].

The representatives of RT&Co will be present during the Annual Stockholder's Meeting and will be given the opportunity to make statements if they desire to do so, as well as respond to appropriate questions, if there will be any.

Arthaland has not had any disagreement with its external auditor.

Information on Independent Accountant

Accountant	:	Reyes Tacandong & Co.
Mailing Address	:	26/F Citibank Tower 8741 Paseo de Roxas, Makati City 1226
Certifying Partner for 2023	:	Ms. Michelle R. Mendoza-Cruz
C.P.A. Reg. No.	:	97380
TIN No.	:	201-892-183-000
BOA Accreditation No.	:	4782/P-011 (valid until 06 June 2026)
SEC Accreditation No.	:	97380-SEC Group A issued on 08 April 2021 (Valid for Financial Periods 2020 to 2024)
PTR No.	:	10072412 issued on 02 January 2024 at Makati City
BIR Accreditation No.	:	08-005144-012-2020 (Valid until 24 January 2026)

Fees and Other Arrangements

Under paragraph a, page 3 of Arthaland's Audit Committee Charter, the Audit Committee recommends to the Board the fees of the External Auditor, which are determined on the estimated time that would be spent on an engagement and on the experience level of its professional staff members who will be assigned to work for the purpose, and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work, provided that these fees are subject to the ratification by the stockholders.

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

2016	-	₱950,000.00
2017	-	₱1,500,000.00
2018	-	₱1,650,000.00
2019	-	₱1,750,000.00
2020	-	₱1,750,000.00
2021	-	₱1,750,000.00
2022	-	₱1,750,000.00
2023	-	₱1,800,000.00

RT&Co rendered services to Arthaland's subsidiaries and its audit fees are as follows:

	2023	2022	2021
Bhavana Properties, Inc.	₱240,000.00	₱200,000.00	₱100,000.00
Bhavya Properties, Inc.	₱180,000.00	₱100,000.00	₱100,000.00
Cazneau Inc.	₱420,000.00	₱400,000.00	₱300,000.00
Cebu Lavana Land Corp.[16]	₱350,000.00	₱350,000.00	N/A
Emera Property Management, Inc.	₱170,000.00	₱160,000.00	₱160,000.00

Kashtha Holdings, Inc.	₱100,000.00	₱100,000.00	₱100,000.00
Manchesterland Properties, Inc.	₱350,000.00	₱350,000.00	₱350,000.00
Pradhana Land, Inc.	₱100,000.00	₱100,000.00	₱100,000.00
Savya Land Development Corporation	₱370,000.00	₱350,000.00	₱250,000.00
Urban Property Holdings, Inc.	₱130,000.00	₱130,000.00	₱130,000.00
Zileya Land Development Corporation	₱160,000.00	₱160,000.00	₱160,000.00

RT&Co did not charge Arthaland for non-audit work for the years 2013, 2014, 2015, 2017 and 2018. RT&Co charged Arthaland for non-audit work for the public offering of the following Preferred Shares:

Year	Purpose	Amount
2016	Series B	₱1.50MM
2019	Series C	₱1.00MM
2021	Series D	₱0.90MM

In October 2019, Arthaland filed with the SEC a Registration Statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds which was approved in January 2020. The initial tranche of these bonds equivalent to ₱3.0 billion was listed with the Philippine Dealing and Exchange Corp. on 06 February 2020. RT&Co charged Arthaland for non-audit work on these bonds in the amount of ₱0.60MM.

On 7 October 2022, the Board authorized the offer and sale of the second Tranche of the above-described Bonds in the amount of up to ₱3.0 billion. RT&Co charged Arthaland for non-audit work on these bonds in the amount of ₱1.00MM.

The foregoing fees are all exclusive of VAT.

ITEM 8. Compensation Plans

As stated in Item 6b above, Arthaland made available to its qualified employees in 2009 a stock option plan wherein they can enjoy the benefits of ownership of Arthaland and thereby increase their concern for its long-term progress and well-being, induce their continued service and stimulate their efforts towards the continued success thereof (the "2009 Stock Option Plan"). However, none of these qualified employees exercised their respective stock option rights until the period within which they can do so had expired in October 2012.

On 14 December 2018, the Board of Directors again approved granting options equivalent to not more than 90.0 million common shares to its qualified employees. However, none of these qualified employees exercised their respective rights until the period within which they can do so expired in February 2022.

The validity of the 2009 Stock Option Plan expired on 16 October 2019.

The 2020 Stock Option Plan which has substantially the same terms as the 2009 plan was presented during the Annual Stockholders Meeting on 26 June 2020, and stockholders representing at least sixty-

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[15] Pursuant to Item 6.B of Arthaland's Manual of Corporate Governance, the External Auditor shall be rotated or changed every seven (7) years or earlier, or the signing partner of the auditing firm assigned to the Corporation, should be changed with the same frequency.

[16] The external auditor of CLLC for 2021 and prior years is Isla Lipana & Co., a PwC member firm. Its fees for 2021, 2020, 2019, 2018 and 2017 amount to ₱538,000.00, ₱538,000.00, ₱520,000.00, ₱500,000.00, and ₱430,000.00, respectively, all of which are net of VAT.

seven percent (67%) of the outstanding common shares which are entitled and qualified to vote approved the same.

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

Following the directive of the Markets and Securities Regulation Department of the SEC, during the joint meeting of the Board of Directors and the Stock Option and Compensation Committee held on 22 March 2023, the Board approved the amendments proposed by the Stock Option and Compensation Committee 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, or from 531,809,519 to just 265,904,760 common shares, provided that Arthaland reserves its right to subsequently increase the allocated number of option shares in accordance with the Securities Regulation Code.

As of the date of this Information Statement, 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.

No options have been granted as of the date of this Information Statement.

C. ISSUANCE AND EXCHANGE OF SECURITIES

No action will be taken during the Annual Stockholders Meeting with respect to the Authorization or Issuance of Securities Other than for Exchange (**Item 9**); Modification or Exchange of Securities (**Item 10**); Financial and Other Information (**Item 11**); Mergers, Consolidations, Acquisitions and Similar Matters (**Item 12**); Acquisition or Disposition of Property (**Item 13**); or Restatement of Accounts (**Item 14**).

D. OTHER MATTERS

ITEM 15. Action With Respect to Reports

Management will present during the Annual Stockholders Meeting the financial reports of Arthaland as of 31 December 2023 and its quarterly report as of the first quarter of 2024. Copies of these financial reports are attached to this Information Statement and made integral parts hereof. They are also available on the Corporation's website at www.arthaland.com.

The Minutes of the Annual Stockholders' Meeting held on 30 June 2023 whereby the following matters were taken up will also be submitted for approval of the stockholders:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of Minutes of the Annual Stockholders' Meeting held on 25 June 2021
4. Notation of Management Report
5. Ratification of Acts of the Board of Directors and Management During the Previous Year
6. Proposed Amendment of Articles of Incorporation – Decrease of Authorized Capital Stock
7. Election of Directors (including Independent Directors)
8. Appointment of External Auditor for 2022
9. Other Matters

10. Adjournment

The Minutes of the Special Stockholders Meeting held on 31 January 2024 whereby the following matters were taken up will likewise be submitted for approval of the stockholders:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Proposed Amendment of Article Seventh of Articles of Incorporation
4. Other Matters
5. Adjournment

Copies of the foregoing minutes of meetings of Arthaland's stockholders are available in www.arthaland.com.

Stockholders representing the minimum percentage of outstanding capital stock as provided by applicable laws and regulations shall have the right to include additional items on the agenda of the Annual Stockholders Meeting, provided that the stockholder exercising this right shall act in good faith and for a legitimate purpose.

There is no other matter with respect to Reports for which the appropriate action by the stockholders is required will be presented.

ITEM 16. Matters Not Required To Be Submitted

There are no matters not required to be submitted to the stockholders will be presented at the Annual Stockholders Meeting.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

The stockholders will not be asked during the annual meeting to approve any proposed amendment to the Articles of Incorporation or By-laws of Arthaland.

ITEM 18. Other Proposed Action

The ratification of the appointment of RT&Co as External Auditor of Arthaland for 2024 will be taken up at the Annual Stockholders' Meeting.

ITEM 19. Voting Procedures – Voting for Corporate Actions

a. **Voting for Corporate Actions**

Voting on matters submitted for stockholders' approval during the Annual Stockholders Meeting shall be done in accordance with SEC Memorandum Circular No. 6, Series of 2020 dated 12 March 2020[17] which provides the guidelines on voting through proxy, remote communication or *in absentia*, and shall be supervised by the designated staff of RT&Co and BDO Unibank, Inc.-Trust and Investments Division, the External Auditor and the Stock and Transfer Agent of Arthaland, respectively.

For those who will attend the meeting online, a poll will be shown on their respective screens after every item in the Agenda where they can indicate their vote. They will be given a few seconds to click the button of their choice. For those who will be physically present during the meeting, they will be

[17] Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

given a ballot upon registration which they can drop at the designated area before they leave at the end of the meeting.

The votes will be tallied thereafter by Arthaland's External Auditor and Stock and Transfer Agent. Those who will be holding several proxies from other stockholders, their votes will be counted by the number of proxies issued in their favor as shown in the records of Arthaland.

Except for the election of directors and independent directors who will be voted in the manner explained in the succeeding section, all items in the Agenda for the upcoming Annual Stockholders Meeting will require the approval of the stockholders owning at least the majority of the outstanding capital stock entitled to vote and duly represented to approve the proposed actions.

b. **Nominations and Voting for the Election of Directors**

(1) Section 4, Article II of the By-laws provides that at "all stockholders' meetings, every stockholder shall be entitled to one (1) vote for each share of voting stock standing in his name in the proper books of the Corporation at the time of closing thereof for the purpose of the meeting."

(2) No nominations from the floor during the stockholders' meeting shall be allowed or recognized.

(3) For the purpose of electing directors, the system of cumulative voting shall be followed as provided under Section 4, Article II of the By-laws, to wit:

> "At all stockholders' meetings, every stockholder entitled to vote in accordance with Section 4 of Article VI of these By-laws shall be entitled to one (1) vote for each share of voting stock standing in his name in the proper book of the Corporation at the time of closing thereof for the purpose of the meeting.
>
> "The right to vote of stockholders may be exercised in person, through proxy or remote communication, *in absentia*, or through such alternative modes as may be provided by applicable laws and regulations.
>
> "At every election of directors, each stockholder entitled to vote during the meeting in accordance with Section 4 of Article VI of these By-laws is entitled to one (i) vote for each share of stock held by him for as many persons as there are directors to be elected, or to cumulate said shares and give one (1) candidate as many votes as the number of directors multiplied by the number of his share shall equal, or to distribute such votes on the same principle among as many candidates as he shall think fit."

The total number of votes to be cast by the stockholder must not exceed the number of shares owned by him/it as shown in the books of Arthaland multiplied by the whole number of directors to be elected. Nominees receiving the highest number of votes shall be declared elected pursuant to Section 23 of the Revised Corporation Code.

(4) Voting for the election of Directors shall be done in accordance with SEC Memorandum Circular No. 6, Series of 2020 dated 12 March 2020 and such internal procedures issued pursuant thereto. This will be supervised by the designated staff of the External Auditor and the Stock Transfer Agent.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement is true, complete and correct. This is signed on the date and place indicated below.

ARTHALAND CORPORATION
By:

RIVA KHRISTINE V. MAALA
Corporate Secretary and General Counsel

SUBSCRIBED AND SWORN to before me this JUN 04 2024 at **Taguig City, Philippines**, affiant exhibiting to me her **Passport Number P4663090B** issued on **03 February 2020** by the Department of Foreign Affairs-NCR East, Philippines.

Doc. No. 398
Page No. 81
Book No. 27
Series of **2024**.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
Until Dec. 31,2024
PTR # A-6123305 Jan. 2, 2024, Taguig City
IBP No. 326534 /12/11/23 RSM (FOR YR. 2024)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. No. 61 (2023- 2024)

Attachments:

Management Report
Certifications of Independent Directors
- **a. Ms. Denise Loreena V. de Castro**
- **b. Mr. Hans B. Sicat, and**
- **c. Atty. Andres B. Sta. Maria**

Audited Financial Statements for 2023 (including Statement of Management Responsibility)
SEC Form 17-Q (First Quarter 2024)

UNDERTAKING

ARTHALAND CORPORATION undertakes to provide, without charge, copies of this Information Statement (SEC Form 20-IS) and all its attachments, as well as its Annual Report (SEC Form 17-A) to any person soliciting a copy thereof upon written request addressed to the Corporate Secretary with principal office address at the 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634 Philippines.

MANAGEMENT REPORT

ARTHALAND CORPORATION
ANNUAL STOCKHOLDERS MEETING
28 JUNE 2024, FRIDAY, 9:00AM

BUSINESS AND GENERAL INFORMATION

a. Business Development

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

ALCO was incorporated on 10 August 1994[1] for the primary purpose of engaging in the realty development business, including home building and development, and to deal, engage, invest and transact, directly or indirectly, in all forms of business and mercantile acts and transactions concerning all kinds of real property, including but not limited to the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer of residential, industrial or commercial property. Its principal office is at the 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City (BGC), Taguig City 1634.[2]

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

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

On 22 September 2016, ALCO's authorized capital stock was increased[3] to ₱2,996,257,135.82 divided into ₱2,946,257,135.82 of Common shares (consisting of 16,368,095,199 Common shares with a par value of ₱0.18 per share), and ₱50,000,000.00 of redeemable, non-voting and non-participating Preferred shares (consisting of 50,000,000 Preferred shares with a par value of ₱1.00 per share).

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

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

On 03 December 2021, ALCO issued 6,000,000 to the public Preferred shares, which are similarly cumulative, non-voting, non-participating, nonconvertible, and Peso-denominated,

[1] The company was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On 26 January 2009, the Securities and Exchange Commission (SEC) approved anew the change of the corporate name to Arthaland Corporation (ALCO).
[2] Approved by the SEC on 04 September 2018.
[3] The authorized capital stock was originally ₱2,946,257,135.82 divided into 16,368,095,199 Common shares only at a par value of ₱0.18 per share.

among other conditions (the “Series D Preferred Shares”).

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

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

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

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

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

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

During the Board meeting held on 11 April 2024, the Board of Directors of ALCO approved the public offering of up to 4,000,000 cumulative, non-voting, non-participating, non-convertible, and redeemable Peso-denominated Preferred Shares with an oversubscription option of up to 2,000,000 (the “Series F Preferred Shares”) at an offer price of ₱500.00 per share. Further details of the offering will be disclosed in ALCO’s Prospectus which will be filed once the SEC has approved the amendment of Article Seventh of ALCO’s Articles of Incorporation to increase its authorized capital stock.

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

As of the date of this Report, CPG and AOCH1 continue to be the largest stockholders of ALCO with 40.29% and 26.02%, respectively, of the total issued and outstanding shares.

b. Business/Projects

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

Project Name	GFA[4] (in square meters [sqm])	NLA[5]/ NSA[6] (in sqm)	Location	Development Type	Year or Expected Year of Completion
Arya Residences	76,284	67,876	BGC, Taguig City	Residential	Tower I - 2013 Tower II - 2016
Arthaland Century Pacific Tower	34,295	32,016	BGC, Taguig City	Office	2019
Cebu Exchange	108,564	89,018	Salinas Drive, Cebu City	Office	Q2 2022
Savya Financial Center	59,763	49,078	Arca South, Taguig City	Office	North Tower – Q2 2022 South Tower - Q4 2022
Sevina Park	130,976	97,834	Biñan, Laguna	Mixed use	In phases from 2022 onward
Lucima	28,063	21,927	Makati City	Residential	2024
Makati CBD Residential 1	15,313	11,485	Makati City	Residential	2029
Eluria	14,656	11,729	Makati City	Residential	2025
Project Olive	254,979	187,279	Metro Manila	Mixed Use	In phases from 2029 onward
Project Vanilla[7]	200,158	144,114	Cebu City	Mixed Use	In phases from 2029 onward

ALCO's firm commitment to sustainability is manifested in its development portfolio which is composed entirely of certified sustainable projects. All its projects adhere to global and national

[4] GFA or Gross Floor Area, which is the total floor space within the perimeter of the permanent external building walls (inclusive of main and auxiliary buildings) such as office areas, residential areas, corridors, lobbies and mezzanine level/s. The GFA also includes building projections which may serve as floors or platforms that are directly connected to/integrated with areas within the building/structure, e.g., balconies, and the GFA excludes the following: (a) Covered areas used for parking and driveways, services and utilities; (b) Vertical penetrations in parking floors where no residential or office units are present; and (c) Uncovered areas for helipads, air-conditioning cooling towers or air-conditioning condensing unit balconies, overhead water tanks, roof decks, laundry areas and cages, wading or swimming pools, whirlpool or jacuzzis, terraces, gardens, courts or plazas, balconies exceeding ten square meters, fire escape structures and the like.
[5] NLA or Net Leasable Area, which is the total leasable area that includes, but is not limited to, all internal walls, mezzanines, bathrooms, pipe chases, columns and balconies depending on a specific project's terms of reference.
[6] NSA or Net Saleable Area, which is the total saleable area that includes, but is not limited to, all internal walls, mezzanines, bathrooms, pipe chases, columns and balconies depending on a specific project's terms of reference.
[7] Formerly known as Project Midtown.

standards for green buildings through the Leadership for Energy and Environmental Design™ (LEED™) rating system of the U.S. Green Building Council (USGBC) and the Building for Ecologically Responsive Design Excellence (BERDE) rating system of the Philippine Green Building Council (PHILGBC). Since 2019, ALCO has expanded its sustainability commitment by pursuing additional green building rating tools, specifically the Excellence in Design for Greater Efficiencies (EDGE) rating system of the International Finance Corporation (IFC), and the WELL Building Standard™ (WELL™) rating system of the International WELL Building Institute (IWBI).

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

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

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

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

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

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

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

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

Cebu Exchange

Cebu Exchange, a 38-storey office building with retail establishments, is Cebu's largest and tallest office development that caters to the city's booming office space market. It is built on an 8,440 sqm property located along Salinas Drive directly across the Cebu IT Park, with a total NSA of almost 90,000 sqm. ALCO's design for Cebu Exchange serves the wide office space market in Cebu: (i) Cebu Exchange has a lower office zone of three levels with floorplates of around 5,900 sqm, which is targeted to cater to larger BPOs; (ii) It has a middle zone of nineteen levels with floorplates of approximately 3,400 sqm, which will cater to conventional offices and BPOs; and (iii) A high zone of eight levels with floorplates of approximately 2,200 sqm, catering to the needs of start-up businesses.

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

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

In 2022, CLLC identified from its inventory of real estate for sale 8,059 sqm of office units, 2,628 sqm of retail units and 36 non-appurtenant parking slots for conversion to investment properties with the intention to retain these units and generate recurring income from their lease to locators in Cebu Exchange.

In 2023, CLLC identified an additional 5,316 sqm of office units from its inventory of real estate for sale to investment properties.

Sevina Park

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

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

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

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

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

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

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

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

Savya Financial Center

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

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

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

Lucima

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

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

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

Lucima has been enjoying strong market reception since its launch in July 2021. Construction is also on track with expected completion by Q4 of 2024.

Eluria

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

The building has been Precertified LEED Gold and is vying for BERDE and WELL certifications. It will be the first multi-certified residential development of its kind and scale within Metro Manila. Individual units are also vying for EDGE certification. Once completed, its future residents will enjoy exceptional white glove butler services.

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

Makati CBD Residential Project 1

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

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

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

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

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

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

c. Subsidiaries

Below are the domestic companies in which ALCO has shareholdings. ALCO has 100% ownership interest in these companies as of 31 December 2023 with the exception of Bhavana Properties, Inc., Bhavya Properties, Inc., Kashtha Holdings, Inc., and Savya Land Development Corporation.

i. **Arthaland Prestige Property Solutions, Inc. (APPS)** (formerly Emera Property Management, Inc.) was incorporated on 31 July 2008[8]. The SEC approved the change of name to APPS on 25 May 2023.

APPS is the property management arm of ALCO and presently services Arya, ACPT,

[8] Emera was originally registered as Technopod, Inc. but was renamed on 30 October 2013.

Cebu Exchange, Courtyard Hall in Sevina Park, and Savya Financial Center. It will likewise manage all succeeding development projects of ALCO to ensure the maintenance of high-quality standards therein.

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

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

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

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

On 23 December 2021, all of ALCO's rights, title and interest in and to 40% of the common shares of stock of Bhavana, or 10,000,000 common shares, as well as its shareholder advances therein, were sold, transferred and conveyed in favor of Narra Investment Properties Pte. Ltd. ("Narra")[9] by way of secondary sale.

iii. **Bhavya Properties, Inc. (Bhavya)** was incorporated on 19 July 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle used in acquiring the 916 sqm property[10] located at 119 Rada Street, Legaspi Village, Makati City, where *Eluria* will soon rise.

On 23 December 2021, ALCO sold, transferred and conveyed in favor of Narra[11], by way of secondary sale, all of its rights, title and interest in and to 40% of the common shares of stock of Bhavya, or 10,000,000 common shares, as well as its shareholder advances therein.

In November 2023, ALCO and Narra subscribed to preferred shares of Bhavya equivalent to 663,000 and 442,000, respectively, at the subscription price of ₱100.00 per share. In March 2024, ALCO and Narra again subscribed to additional preferred shares of Bhavya equivalent to 450,000 and 300,000, respectively, also at the subscription price of ₱100.00 per share.

[9] Narra is a private limited liability company existing and duly constituted under the laws of Singapore with principal office address at 10 Changi Business Park Central 2 #01-02, Hansapoint, Singapore 486030, and managed by Arch Capital Management Company Limited.
[10] Formerly First Capital Condominium.
[11] See Footnote 9.

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

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

Rock & Salt B.V.[12], a foreign private limited liability company existing and duly constituted under the laws of The Netherlands, and managed by Arch Capital Management Company, Ltd., subscribed to 40% of CLLC's shares of stock in January 2016.

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

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

MPI is the lone shareholder of Series A Preferred Shares. On 31 January 2024, MPI subscribed to Series E Preferred Shares equivalent to 14,000,000 at the price of ₱1.00 per share following the increase in ALCO's authorized capital stock and amendment of its Articles of Incorporation. Of the ₱14,000,000.00 subscription, the amounts of ₱1,500,000.00 was paid for 100% of 1,500,000 Series E Preferred Shares which will come from ALCO's unissued capital stock, and ₱3,125,000.00 was paid for 25% of the 12,500,000 Series E Preferred Shares which will be issued from the increase of ALCO's capital stock by 50,000,000 preferred shares. The balance of the subscription price, or the amount of ₱9,375,000.00, shall become due upon SEC's approval of the amendment of ALCO's Articles of Incorporation increasing its authorized capital stock.

vii. **Pradhana Land, Inc.** was incorporated on 09 September 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle that will be used for ALCO's succeeding projects, the details of which will be disclosed at the appropriate time.

viii. **Savya Land Development Corporation (SLDC)** was incorporated on 10 February 2017 principally to engage in the realty development business. It is the vehicle ALCO used to acquire Lots 9 and 10 in Arca South located in Barangay West Bicutan, Taguig City. In August 2019, the SEC approved SLDC's application to merge with Arcosouth Development, Inc. ("Arcosouth"), with SLDC as the surviving entity. Arcosouth is the registered owner of Lot 11, the lot adjacent to SLDC's property. The objective of the merger was to jointly develop the three (3) lots into a two-tower office development to be known as Savya Financial Center.

[12] With principal office address at Naritaweg 165, 1043 BW Amsterdam, The Netherlands.

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

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

ix. **Kashtha Holdings, Inc. (KHI)** was incorporated on 01 October 2019 as a joint venture company between ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan[13]. KHI is owned 60% by ALCO and 40% by MEC.

x. **Urban Property Holdings, Inc. (UPHI)** was incorporated on 23 January 1995 and is presently the registered owner of a 33-hectare property located in Calamba, Laguna, which may be developed in the future subject to market conditions.

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

None of these subsidiaries are engaged in any bankruptcy, receivership or similar proceedings. Also, for the period covered by this Report, these subsidiaries are neither parties to any transaction which involves material reclassification, merger, consolidation or purchase or sale of a significant amount of assets, except as otherwise discussed herein.

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

1. Termination of Trust Account

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

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

However, in view of Administrative Matter No. 19-12-02 or the *Rules on Liquidation of Closed Banks* issued on 16 April 2020, ALCO, upon advice of counsel, deemed it more appropriate to have all its claims against EIB ventilated before the liquidation court itself, *i.e.* the Regional

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

Trial Court of Makati City, Branch 149, and for this purpose, filed an Urgent Motion before said court on 13 February 2023 for it to give due course to its foregoing claim.

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

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

2. Quieting of Title

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

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

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

The City of Tagaytay and one of the individual defendants[14] filed an appeal before the Court of Appeals which affirmed the 05 June 2020 Order of the trial court on 31 July 2023, and denied their separate Motions for Reconsideration on 15 February 2024. They have indicated their intention to file an appeal before the Supreme Court by filing separate motions for extension of time to submit petitions for review under Rule 45 of the Rules of Court. The Supreme Court has not acted on said motions as of the date hereof.

3. Expropriation

Petitioner National Power Corporation (NAPOCOR) filed in November 1995 before the Regional Trial Court of Calamba, Laguna, Branch 34, a Petition for Expropriation of Properties to be affected by the Tayabas-Dasmariñas 500 kV transmission line right, which included a

[14] The lone defendant who appealed is Ms. Rosalinda Reyes.

portion of UPHI's property with an area of about one (1) hectare. The court issued a Writ of Possession in favor of NAPOCOR in 1996.

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

UPHI intends to amicably settle with the National Transmission Corporation (successor-in-interest of NAPOCOR) since it had already been deprived of effective use and enjoyment of a portion of the property. An amicable settlement with the National Transmission Corporation could allow UPHI to recoup the cost of the parcel expropriated by NAPOCOR. Such settlement is still under discussion but will be forthcoming.

4. Claim for Refund

a. A buyer[15] offered to purchase a unit in Arya Residences in November 2012, paid the reservation fee but failed to pay the final amortization and other charges which became due in January 2014, on the ground that a viewing of the unit was not allowed beforehand, notwithstanding that pursuant to the Contract to Sell signed, full payment of the account is required prior to turnover of the unit. A viewing of the unit is not scheduled until the account is fully paid since inspection is the initial step of the turnover process. All buyers of Arya Residences were treated in the same manner.

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

   On 15 May 2019, ALCO appealed the foregoing Decision before the Office of the President arguing, among others, that Republic Act No. 6552 should have been applied as it is the special law governing transactions that involve, subject to certain exceptions, the sale on installment basis of real property. However, the adverse Decision was affirmed in a Resolution dated 01 October 2021 on the ground of lack of jurisdiction per Section 42 of the Implementing Rules and Regulations of Republic Act (R.A.) No. 11201[16], *i.e.* the matter should have been brought before HLURB Arbiters and Commissioners and thereafter, to the Court of Appeals, and not the Office of the President.

   In July 2022, ALCO filed before the Court of Appeals a Petition for Certiorari under Rule 65 of the Rules of Court to annul and reverse the Resolution of the Office of the President as it acted with grave abuse of discretion amounting to lack of jurisdiction, and there being no plain, speedy and adequate remedy in the ordinary course of law available to ALCO. Notwithstanding R.A. No. 11201, HLURB itself had stated in its Notice that "*Since the Resolution was promulgated by the Board xxx, appeal therefrom shall still be brought to the Office of the President in accordance with Section 5 of Executive Order No. 648, series of 1981*". With this instruction from the quasi-judicial body itself the appeal of whose resolution is sought, ALCO had to follow the said quasi-judicial agency's directive to file its appeal before the Office of the President. The

[15] The complainant is Ms. Anita Medina-Yu.
[16] Department of Human Settlements and Urban Development Act

merits of the case should have been looked into and the appeal not denied on a mere technicality.

In its Decision dated 11 September 2023, the Court of Appeals denied ALCO's Petition for Certiorari. ALCO filed a Motion for Reconsideration which was denied in a Resolution dated 26 March 2024. Thus, a Petition for Review on Certiorari was filed on 10 May 2024.

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

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

   The parties underwent a mandatory conference in accordance with the 2021 HSAC Rules of Procedure on 26 March 2024 where it was established that the parties are willing to settle. The parties are presently undergoing mediation.

5. **Labor**

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

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

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

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

c. On 28 June 2022, a former Sales Agent of CLLC[17] filed a complaint against ALCO before the National Labor Relations Commission (NLRC) Regional Arbitration Branch No. VII, Cebu City claiming illegal suspension and demanding payment of back wages, separation pay, 13th month pay, incentive and damages. In a Decision dated 17

[17] The complainant is Dior Ella O. Abad.

February 2023, the Labor Arbiter dismissed the instant complaint for illegal dismissal for lack of merit, the complainant having failed to prove that an employer-employee relationship exists between her and ALCO. A Memorandum of Appeal dated 13 March 2023 was filed by the complainant, which ALCO subsequently filed its answer thereto on 27 April 2023.

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

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

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

The above notwithstanding, on 06 March 2024, the Complainant filed with the Court of Appeals a Motion for Reconsideration to its 31 January 2024 Decision and the parties are awaiting resolution of the matter.

6. Liquidation Proceedings of Lessee

On 15 November 2021, Common Ground Works Philippines, Inc. (CGWPI), a lessor of ALCO in ACPT, filed a Petition for Voluntary Liquidation with the Regional Trial Court of Taguig City, Branch 271 seeking to be declared insolvent and praying for the issuance of a liquidation order. ALCO was impleaded as a creditor of CGWPI for unpaid rentals, CUSA, utilities, interest and penalties, and damages. The Court issued a Liquidation Order dated 19 November 2021 declaring CGWPI insolvent and dissolved.

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

On 03 July 2023, the appointed liquidator filed a Motion for Leave of Court to conduct an inventory of CGWPI's assets which are allegedly being held by ALCO, which Motion was granted *ex parte* in an Order dated 14 July 2023. ALCO filed a Motion for Reconsideration on 31 July 2023 on the ground that all improvements and fixtures introduced by CGWPI in the Leased Premises have already become ALCO's property pursuant to the Contract of Lease given CGWPI's default. There is no resolution of the matter to date.

7. Republic Act No. 26

CLLC filed a Petition to cancel the annotation on the certificate of title[18] of one of the parcels of land on which Cebu Exchange stands. The said annotation is pursuant to Section 7 of Republic Act No. 26, otherwise known as "*An Act Providing a Special Procedure for the Reconstitution of Torrens Certificates of Title Lost or Destroyed*". CLLC's title originated from reconstituted certificates of title which were judicially reconstituted on 02 March 1950. More

[18] Transfer Certificate of Title No. 107-2015002572

than two years have lapsed since then; hence, the recorded encumbrance may now be canceled.

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

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

d. Competition

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

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

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

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

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

ALCO intends to primarily capitalize on its niche market by developing projects in distinct locations, which are unique and special in terms of design, high quality of construction, and sustainable and wellness features. ALCO is the pioneer in sustainable developments, being the first and only company to have all its projects multi-certified with LEED, BERDE, EDGE and WELL. It intends to continue to provide distinctive products with better quality at competitive pricing. ALCO is able to achieve this given its strong but lean management team as well as its organization as a whole.

e. Industry Risk

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

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

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

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

The Philippines is currently experiencing the effects of increased mobility due to the progressive lifting of restrictions following strict lockdown measures that were implemented at the height of the COVID-19 pandemic. The country's gross domestic product (GDP) registered growth of 5.6% for the full year 2023, reflecting a slowdown from the 7.6% growth registered for the full year 2022. Notably, the Philippines' GDP growth for 2023 outpaced the growth registered by other countries in Asia, including those of China and Malaysia which grew at 5.2% and 3.4%, respectively, but fell short of the target of the current administration's economic team of achieving GDP growth of 6% to 7% for 2023. The Philippines' GDP growth was tempered by continued general tightening of monetary policy of the BSP which needed to raise policy rates to manage inflation that continued to be elevated for 2023. In the Philippines, domestic headline inflation averaged at 6% throughout 2023 but was notably on a downward trend towards year-end. By December 2023, headline inflation registered at 3.9% and continued to go down to 3.4% by February 2024, both of which are within the BSP's target range of 2% to 4%. Given this, the current Finance Secretary Ralph Recto has indicated a potential easing of policy rates subject to an assessment of the potential impact of El Nino on food prices due to an expected slowdown in agricultural production.

To mitigate risks associated with the cyclicality of property development, ALCO employs the following broad strategies:

(1) Its development portfolio was carefully assembled to achieve a diversified, well-balanced portfolio of projects that yield a target portfolio return on a risk-adjusted basis. Diversification is monitored to minimize risk concentration on any one product type, geographic location, and target market segment. As a result, ALCO is more resilient to changes in macroeconomic fundamentals because specific real estate sub-sectors will respond differently to these changes. For instance, the Company notes that the effect of work from home requirements issued by the Fiscal Incentives Review Board and/or PEZA did not have a significant impact on ALCO's business because of its diversified sources of revenues.

(2) ALCO's commitment to sustainability provides a clear point of differentiation, resulting in a very strong brand equity which helps sustain demand for its products even in periods

within an economic cycle where there may be a glut in supply. For instance, despite the recent elevated vacancy in Cebu, new lease contracts were executed for the Company's investment property in Cebu Exchange because of its superior sustainability features and quality.

(3) ALCO adheres to prudent financial management strategies even in periods of strong economic growth to survive downward economic turns. Even with the capital-intensive nature of real estate projects, the Company sets the capital structure for its projects to ensure that there is no over-reliance on debt to fund its growth. As a result, its leverage ratios are well within its internal guidance cap and financial covenants.

(4) The premium nature of ALCO's development portfolio attracts high quality of buyers as well as established multinationals as tenants. ALCO has a very rigid credit approval system to ensure that its buyers are financially capable of meeting their payment schedules.

(5) ALCO regularly monitors the economic performance of the country and global players through internal research and discussions with its property consultants to be able to timely adjust policies on pricing, payment schemes and timing of new project launches.

f. Sources and availability of raw materials

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

g. Advances to Related Parties

In the regular conduct of business, ALCO and its wholly owned subsidiaries enter into intercompany transactions, primarily advances necessary to carry out their respective functions subject to liquidation and reimbursements for expenses. ALCO ensures that while these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, they are fair and treated at arm's length.

Intercompany transactions between and among ALCO, its subsidiaries and related companies are discussed in ALCO's SEC Form 17-Q (First Quarter 2024), copies of which are attached to the Information Statement and incorporated therein as an integral part thereof.

h. Patents and Trademarks

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

i. Government approval for principal products or services

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

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

j. Cost and Effects of Compliance with Environmental Laws

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

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

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

k. Employees

As of 31 December 2023, ALCO had a total of 153 personnel, 73 of whom are in management and 80 are non-managers[19]. As of the same period, ALCO also engaged 185 sales agents.

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

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

l. Working Capital

Generally, ALCO finances its projects through internally generated funds, loans from banks, funds from joint venture partners, and funds raised from its public offering of preferred shares and bonds. ALCO may also obtain support from its major shareholders, such as the non-interest-bearing loans obtained from Centrobless Corporation[20], a majority owned subsidiary of Century Pacific Group, Inc., which is the same majority shareholder of CPG, ALCO's largest stockholder at present, and from Signature Office Property, Inc.[21], which is majority-owned and chaired by ALCO Director Jaime Enrique Y. González.

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

(This portion is intentionally left blank.)

[19] These employees do clerical, administrative and operational day to day tasks, are given directives, and do not have any authority to make decisions for the company.
[20] The loan amounting to ₱1,650,643,779.00 was fully settled as of 31 December 2018.
[21] This loan amounting to ₱207,051,912.00 was fully settled as of 31 December 2018.

OPERATIONAL AND FINANCIAL INFORMATION

a. Market Information

Only the Common shares, Series C Preferred shares and Series D Preferred shares of ALCO are traded in the Philippine Stock Exchange.

Below are the highlights of quarterly trading of the foregoing shares for the last three years:

Common

	2023			2022			2021		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1	0.52	0.50	0.51	0.64	0.53	0.59	0.64	0.63	0.63
2	0.50	0.49	0.50	0.60	0.52	0.57	0.71	0.67	0.68
3	0.485	0.470	0.485	0.62	0.50	0.53	0.64	0.64	0.64
4	0.46	0.435	0.46	0.56	0.54	0.56	0.64	0.61	0.64

Series C Preferred

	2023			2022			2021		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1	100.00	100.00	100.00	109.90	102.00	102.00	102.60	102.50	102.50
2	101.40	101.40	101.40	108.60	100.20	105.00	101.80	101.80	101.80
3	101.30	101.30	101.30	105.00	100.80	104.70	103.50	103.50	103.50
4	99.95	99.95	99.95	102.00	102.00	102.00	108.00	108.00	108.00

Series D Preferred

	2023			2022		
Quarter	High	Low	Close	High	Low	Close
1	500.00	494.80	500.00	525.00	512.00	518.00
2	490.00	489.80	490.00	519.00	505.00	505.00
3	450.00	440.00	450.00	509.00	450.00	499.00
4	500.00	500.00	500.00	499.20	499.00	499.00

Below are the highlights of trading of ALCO's shares for the first quarter of 2024:

Share	High	Low	Close
Common	0.49	0.47	0.49
Preferred Series C	95.05	95.05	95.05
Preferred Series D	487.80	451.00	451.00

b. Security Holders

As of 31 May 2024, the total shares issued and outstanding to date are as follows:

Common	-	5,318,095,199
Series A Preferred	-	12,500,000
Series C Preferred	-	10,000,000
Series D Preferred	-	6,000,000
Series E Preferred	-	1,500,000[22]

[22] Issued on 05 March 2024.

As of 31 December 2023, the number of shareholders of record is as follows:

Common	-	1,921
Series A Preferred	-	1
Series C Preferred	-	2
Series D Preferred	-	7

ALCO's public ownership percentage as of this period is 29.905%.

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

Common	-	1,918
Series A Preferred	-	1
Series C Preferred	-	2
Series D Preferred	-	7
Series E Preferred	-	1

ALCO's public ownership percentage as of this period is also 29.905%.

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

The top 20 stockholders of Common shares as of 31 December 2023 are as follows:

Name of Shareholders	No. of Shares	%
1. CPG Holdings, Inc.	2,017,619,910	37.938
2. PCD Nominee Corporation – Filipino	1,650,945,890	31.044
3. AO Capital Holdings I, Inc.	1,383,730,000	26.019
4. Elite Holdings, Inc.	119,809,996	2.253
5. Tina Keng	25,000,000	0.470
6. EQL Properties, Inc.	14,671,125	0.276
7. PCD Nominee Corporation – Non-Filipino	13,748,185	0.259
8. Urban Bank Trust Department – A/C No. 625	4,838,488	0.091
9. RBL Fishing Corporation	4,350,000	0.082
10. Veronica D. Reyes	3,799,272	0.071
11. Veronica D. Reyes and/or Cecilia D. Reyes	2,654,061	0.050
12. Theodore G. Huang and/or Corazon B. Huang	2,501,250	0.047
13. Anito Tan and/or Lita Tan	2,027,049	0.038
14. Lourdes D. Dizon	1,740,000	0.033
15. Kwan Yan Dee and/or Christina Dee	1,631,250	0.031
16. Dante Garcia Santos	1,631,250	0.031
17. Luciano H. Tan	1,505,950	0.028
18. Josefina Tan Cruz	1,488,000	0.028
19. Samuel Uy	1,087,500	0.020
20. Datacom Systems Corp.	1,004,394	0.019
Total	5,255,783,570	98.828

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

Name of Shareholders	No. of Shares	%
1. CPG Holdings, Inc.	2,017,619,910	37.938
2. PCD Nominee Corporation – Filipino	1,648,988,040	31.007
3. AO Capital Holdings I, Inc.	1,383,730,000	26.019
4. Elite Holdings, Inc.	119,809,996	2.253
5. Tina Keng	25,000,000	0.470
6. PCD Nominee Corporation – Non-Filipino	15,745,185	0.296
7. EQL Properties, Inc.	14,671,125	0.276
8. Urban Bank Trust Department – A/C No.	4,838,488	0.091
9. RBL Fishing Corporation	4,350,000	0.082
10. Veronica D. Reyes	3,799,272	0.071
11. Veronica D. Reyes and/or Cecilia D. Reyes	2,654,061	0.050
12. Theodore G. Huang and/or Corazon B. Huang	2,501,250	0.047
13. Anito Tan and/or Lita Tan	2,027,049	0.038
14. Lourdes D. Dizon	1,740,000	0.033
15. Kwan Yan Dee and/or Christina Dee	1,631,250	0.031
16. Dante Garcia Santos	1,631,250	0.031
17. Luciano H. Tan	1,505,950	0.028
18. Josefina Tan Cruz	1,488,000	0.028
19. Samuel Uy	1,087,500	0.020
20. Datacom Systems Corp.	1,004,394	0.019
Total	5,255,822,720	98.828

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

All 20,000,000 Series B Preferred Shares were redeemed as of 06 December 2021 and are now treasury shares of ALCO. These will be subsequently cancelled upon SEC's approval of the amendment of ALCO's Articles of Incorporation as explained above in item a, Business Development, Business and General Information.

The top stockholders of Series C Preferred Shares as of 31 December 2023 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	9,975,490	99.755
2. PCD Nominee Corporation – Non-Filipino	24,510	0.245
Total	10,000,000	100.000

The top stockholders of Series C Preferred Shares as of 31 March 2024 are as follows:

Name of Shareholders	No. of Shares	%
3. PCD Nominee Corporation – Filipino	9,975,480	99.755
4. PCD Nominee Corporation – Non-Filipino	24,520	0.245
Total	10,000,000	100.000

The top stockholders of Series D Preferred Shares as of 31 December 2023 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	5,674,830	94.5805
2. Knights of Columbus Fraternal Association of the Philippines, Inc.	240,000	4.0000
3. PCD Nominee Corporation – Non-Filipino	70,120	1.1687
4. G.D. Tan & Co., Inc.	13,000	0.2167

5. Knights of Columbus Fr. George J. Willman Charities, Inc.	1,000	0.0167
6. KC Philippines Foundation, Inc.	1,000	0.0167
7. Myra P. Villanueva	50	0.0008
Total	6,000,000	100.000

ALCO's top stockholders of Series D Preferred Shares as of 31 March 2024 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	5,674,530	94.5755
2. Knights of Columbus Fraternal Association	240,000	4.0000
3. PCD Nominee Corporation – Non-Filipino	70,420	1.1737
4. G.D. Tan & Co., Inc.	13,000	0.2167
5. Knights of Columbus Fr. George J. Willman Charities, Inc.	1,000	0.0167
6. KC Philippines Foundation, Inc.	1,000	0.0167
7. Myra P. Villanueva	50	0.0008
Total	6,000,000	100.000

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

c. Dividends

ALCO declared cash dividends to Common stockholders, as follows:

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

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

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

23 October 2019	15 November 2019	06 December 2019	₱1.76145
29 January 2020	14 February 2020	06 March 2020	₱1.76145
06 May 2020	21 May 2020	06 June 2020	₱1.76145
05 August 2020	19 August 2020	06 September 2020	₱1.76145
21 October 2020	13 November 2020	06 December 2020	₱1.76145
27 January 2021	15 February 2021	06 March 2021[23]	₱1.76145
05 May 2021	19 May 2021	06 June 2021[24]	₱1.76145
04 August 2021	20 August 2021	06 September 2021	₱1.76145
20 October 2021	16 November 2021	06 December 2021	₱1.76145

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

Declaration Date	**Record Date**	**Payment Date**	**Amount/Share**
08 August 2019	06 September 2019	27 September 2019	₱1.7319
23 October 2019	29 November 2019	27 December 2019	₱1.7319
29 January 2020	06 March 2020	27 March 2020	₱1.7319
06 May 2020	04 June 2020	27 June 2020	₱1.7319
05 August 2020	04 September 2020	27 September 2020	₱1.7319
21 October 2020	04 December 2020	28 December 2020	₱1.7319
27 January 2021	08 March 2021	27 March 2021[25]	₱1.7319
05 May 2021	07 June 2021	27 June 2021[26]	₱1.7319
04 August 2021	07 September 2021	27 September 2021	₱1.7319
20 October 2021	03 December 2021	27 December 2021	₱1.7319
23 February 2022	10 March 2022	28 March 2022	₱1.7319
04 May 2022	02 June 2022	27 June 2022	₱1.7319
05 August 2022	01 September 2022	27 September 2022	₱1.7319
26 October 2022	05 December 2022	27 December 2022	₱1.7319
25 January 2023	24 February 2023	27 March 2023	₱1.7319
03 May 2023	01 June 2023	27 June 2023	₱1.7319
02 August 2023	04 September 2023	28 September 2023	₱1.7319
25 October 2023	29 November 2023	27 December 2023	₱1.7319
31 January 2024	01 March 2024	27 March 2024	₱1.7319
08 May 2024	03 June 2024	27 June 2024	₱1.7319

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

Declaration Date	**Record Date**	**Payment Date**	**Amount/Share**
26 January 2022	11 February 2022	03 March 2022	₱7.50
04 May 2022	19 May 2022	03 June 2022	₱7.50
08 August 2022	19 August 2022	03 September 2022[27]	₱7.50
26 October 2022	14 November 2022	05 December 2022[28]	₱7.50
25 January 2023	08 February 2023	03 March 2023	₱7.50
03 May 2023	17 May 2023	03 June 2023	₱7.50
02 August 2023	16 August 2023	04 September 2023	₱7.50

[23] Following the terms of the offering of the Preferred Shares Series B, as the scheduled payment date fell on a weekend, payment of the dividends was made the following business day.
[24] *Ibid.*
[25] Following the terms of the offering of the Preferred Shares Series C, as the scheduled payment date fell on a weekend, payment of the dividends was made the following business day.
[26] *Ibid.*
[27] Following the terms of the offering of the Preferred Shares Series D, as the scheduled payment date fell on a weekend, payment of the dividends was made the following business day.
[28] *Ibid.*

25 October 2023	10 November 2023	04 December 2023	₱7.50
31 January 2024	15 February 2024	03 March 2024[29]	₱7.50
08 May 2024	23 May 2024	03 June 2024	₱7.50

No dividends were declared in 2016.

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

> "Dividends shall be declared from the unrestricted retained earnings of the Corporation, including stock dividends from paid-in surplus, at such time and in such amounts as the Board of Directors may determine. Dividend declarations shall not in any manner reduce the paid-in capital of the Corporation. Unless otherwise resolved by the Board of Directors, a fraction of one-half or more of a share owing to a stockholder resulting from a declaration of stock dividends shall be issued as one full share, while a fraction of less than one-half share shall be disregarded.
>
> "Declaration of stock dividends shall be submitted to a stockholders' meeting for approval within forty (40) business days from such approval by the Board of Directors. The record date for stock dividends shall not be earlier than the date of approval by the stockholders.
>
> "Declaration of cash dividends shall have a record date which shall not be less than ten (10) business days but not more than thirty (30) business days from the date of declaration by the Board of Directors."

ALCO also complies with Section 42 of the Revised Corporation Code and PSE Memorandum No. 2008-0315 dated 30 June 2008 which states that the disclosure of the record date must not be less than ten (10) trading days from the date of declaration, while the payment date shall not be more than eighteen (18) trading days from the record date.

d. Recent Sales of Unregistered or Exempt Securities

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

(This portion is intentionally left blank.)

[29] *Id.*

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FINANCIAL POSITION
31 December 2023 vs. 31 December 2022

	31 Dec 2023	31 Dec 2022	Change
Cash and cash equivalents	**₱5,605,296,553**	₱4,796,293,662	17%
Financial assets at fair value through profit or loss (FVPL)	**877,853,288**	2,246,039,822	-61%
Receivables	**2,211,302,746**	2,380,054,645	-7%
Contract Assets	**5,608,780,240**	3,920,367,468	43%
Real estate for sale	**7,548,831,703**	9,381,383,586	-20%
Investment properties	**13,175,632,447**	11,273,784,260	17%
Property and equipment	**315,768,669**	333,940,003	-5%
Net retirement asset	**14,151,768**	36,058,483	-61%
Other Assets	**1,906,428,476**	2,024,785,160	-6%
Total Assets	**37,264,045,890**	36,392,707,089	2%
Accounts payable and other liabilities	**3,621,061,114**	3,382,198,303	7%
Loans payable	**11,186,817,196**	11,764,154,679	-5%
Bonds payable	**5,941,522,413**	5,925,771,148	0%
Contract liabilities	**198,350,664**	231,469,884	-14%
Advances from non-controlling interests	**1,102,119,597**	1,102,119,597	0%
Net retirement liability	**5,145,894**	2,545,060	102%
Net deferred tax liabilities	**2,092,857,227**	1,924,137,488	9%
Total Liabilities	**24,147,874,105**	24,332,396,159	-1%
Capital stock	**1,005,757,136**	1,005,757,136	0%
Additional paid-in capital	**5,973,360,513**	5,973,360,513	0%
Treasury stock – at cost	**(2,000,000,000)**	(2,000,000,000)	0%
Parent Company’s shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Retained earnings	**5,547,760,292**	4,912,544,253	13%
Other equity reserves	**216,566,831**	221,696,435	-2%
Total equity attributable to Equity Holders of the Parent Company	**10,730,944,772**	10,100,858,337	6%
Non-controlling interests	**2,385,227,013**	1,959,452,593	22%
Total Equity	**13,116,171,785**	12,060,310,930	9%
Total Liabilities and Equity	**P37,264,045,890**	P36,392,707,089	2%

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

17% Increase in Cash and Cash Equivalents
The increase in cash is largely due to collections from buyers of completed projects and proceeds from the termination of money market placements.

61% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)
The decrease is due to termination of money market placements for loan repayments and project

development expenses.

7% Decrease in Receivables
The decrease is due to collections from buyers of office and retail units and parking slots of completed projects.

43% Increase in Contract Assets
The increase pertains to new real estate contracts recognized during the period primarily from buyers of Lucima, Eluria and Savya Financial Center.

20% Decrease in Real Estate for Sale
The decline is driven mainly by the higher sales activities during the year, as well as transfer of office units and parking slots of Cebu Exchange and Savya Financial Center from their respective inventory of real estate for sale to investment properties.

17% Increase in Investment Properties
The increase is attributed to the retention of office units and parking slots in Cebu Exchange and Savya Financial Center due to the change of intention in the use of these properties. These properties were remeasured at fair value and included in investment properties for lease.

5% Decrease in Property, Plant and Equipment
The decrease is due to the disposal of transportation equipment and depreciation expense during the year.

61% Decrease in Net Retirement Asset
The decrease is attributable to changes in actuarial assumptions.

6% Decrease in Other Assets
The decrease is largely due to input VAT that were claimed against output VAT due to higher revenues.

7% Increase in Accounts Payable and Other Liabilities
The increase is due to accrual of construction costs for the ongoing projects of the Group[30].

5% Decrease in Loans Payable
The decrease results from the net repayment of term and short-term loans.

14% Decrease in Contract Liabilities
The decrease refers to the reclassification of customer's deposits to receivables or contract assets from buyers of Eluria as initial revenue recognition commenced this year.

102% Increase in Net Retirement Liability
The increase is due to additional retirement expense for the year.

9% Increase in Net Deferred Tax Liabilities
The increase can be attributed mainly to the provision for taxes in relation to the gain recognized on the change in fair value of investment properties.

13% Increase in Retained Earnings
The increase is due to net income attributable to ALCO for the year, net of dividends declared to ALCO's shareholders.

[30] The Group refers to the subsidiaries of Arthaland mentioned in pages 8-10 of this Report.

22% Increase in Non-Controlling Interests
The increase is due to the share in net income, additional subscriptions to preferred shares from the non-controlling shareholders of Bhavya and SLDC, net of the share of non-controlling shareholders in the dividends declared by these subsidiaries.

FINANCIAL POSITION
31 December 2022 vs. 31 December 2021

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

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

146% Increase in Cash and Cash Equivalents
The increase in cash is largely due to net proceeds from the ASEAN Green Bonds' Tranche 2 offering of ALCO.

49% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)
The decline is due to partial termination of money market placements for loan repayments and project development costs.

52% Increase in Receivables
The increase is mainly due to maturity of Contract to Sell with buyers of Cebu Exchange following its completion, as well as the receivables arising from the initial revenue recognition from Lucima project.

37% Decrease in Contract Assets
The decline is largely due to maturities of Contracts to Sell with buyers of Cebu Exchange which were subsequently accounted for as billed receivables.

25% Increase in Investment Properties
The increase is largely attributed to the retention of 8,059 sqm of office units, 72 parking slots, 2,628 sqm of retail units, and 36 non-appurtenant parking slots in Cebu Exchange. As a result, these properties were removed from the inventory for sale and included in investment properties for lease. The initial cost of these properties was ₱844 million, which were later revalued at a fair value of ₱1.8 billion.

22% Increase in Property, Plant and Equipment
The increase is largely attributable to construction cost of projects' gallery and model units.

100% Increase in Net Retirement Asset
The increase is primarily attributable to additional contributions made to the retirement plan.

10% Decrease in Other Assets
The decrease is mainly caused by the advance payments made to a seller of land which was subsequently acquired and reclassified as "real estate for sale".

20% Decrease in Accounts Payable and Other Liabilities
The decrease is the result of ALCO's settlement of the outstanding balance to Rock & Salt B.V., arising from the purchase of common and preferred shares and assignment of shareholder advances and accrued interest receivables in CLLC.

12% Decrease in Loans Payable
The decline is primarily due to CLLC's repayment of its term loan and CTS loans.

100% Increase in Bonds Payable
This refers to the issuance of the 2nd tranche of ASEAN Green Bonds, net of debt issuance costs, to be used in the acquisition and development of eligible green projects.

272% Increase in Contract Liabilities
The increase refers to the payments received from buyers of units in Lucima, Eluria and Sevina Park, for which the related revenue has not yet been recognized.

98% Decrease in Net Retirement Liability
The decline is primarily due to settlement of past service cost resulting to a fully funded retirement plan of ALCO.

12% Increase in Net Deferred Tax Liabilities
The increase can be attributed directly to the additional gain that was recognized during the year on the change in fair value of investment properties.

12% Increase in Retained Earnings
The increase is due to net income for the year, net of dividends declared.
25% Increase in Other Equity Reserves
The increase is mainly due to remeasurement gains on net retirement liability.

30% Increase in Non-Controlling Interests
The net increase is largely due to additional deposits for future stock subscription from SLDC shareholder.

FINANCIAL POSITION
31 December 2021 vs. 31 December 2020

	31 Dec 2021	31 Dec 2020	Change
Cash and cash equivalents	**₱1,949,257,156**	₱941,079,474	107%
Financial assets at fair value through profit or loss (FVPL)	**4,378,607,744**	3,257,288,870	34%
Receivables	**1,563,406,726**	539,079,767	190%
Contract Assets	**6,238,880,086**	5,341,881,039	17%
Real estate for sale	**8,988,754,987**	6,894,906,539	30%
Investment properties	**9,026,428,319**	8,315,168,841	9%
Property and equipment	**273,213,366**	280,192,479	-2%
Other Assets	**2,252,738,463**	1,977,606,060	14%
Total Assets	**34,671,286,847**	27,547,203,069	26%
Accounts payable and other liabilities	**4,218,822,302**	2,792,943,961	51%
Loans payable	**13,436,717,469**	9,305,693,323	44%
Bonds payable	**2,966,594,179**	2,958,526,698	0%
Contract liabilities	**62,154,096**	27,423,392	127%
Advances from non-controlling interests	**1,102,119,597**	1,367,586,297	-19%
Net retirement liability	**118,443,498**	101,496,418	17%
Net deferred tax liabilities	**1,714,298,793**	1,763,428,524	-3%
Total Liabilities	**23,619,149,934**	18,317,098,613	29%
Capital stock	**1,005,757,136**	999,757,136	1%
Additional paid-in capital	**5,973,360,513**	3,008,959,878	99%
Retained earnings	**4,404,555,747**	3,779,054,629	17%
Other equity reserves	**177,630,403**	230,363,146	-23%
Treasury stock – at cost	**(2,000,000,000)**	-	100%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**9,548,803,799**	8,005,634,789	19%
Non-controlling interests	**1,503,333,114**	1,224,469,667	23%
Total Equity	**11,052,136,913**	9,230,104,456	20%
Total Liabilities and Equity	**₱34,671,286,847**	₱27,547,203,069	26%

ALCO's total resources as of 31 December 2021 amounting to ₱34.67 billion is 26% higher than the 31 December 2020 level of ₱27.55 billion due to the following:

107% Increase in Cash and Cash Equivalents
The increase is accounted for by inflows from Preferred Shares Series D issuance net of Series B redemption, loan proceeds and sales collections net of loan repayments and operational and construction related disbursements.

34% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)
The increase is attributable to additional funds invested in money market placements.

190% Increase in Receivables
The increase is largely due to the installment receivables recognized from the sale of office units in Cebu Exchange, Savya Financial Center, and residential units in Sevina Park, as well as receivables from ACPT tenants.

17% Increase in Contract Assets
The increase in contract assets pertains to the additional booked units during the year, arising from the sale of office units in Cebu Exchange, Savya Financial Center and residential units in Sevina Park accounted for under percentage of completion (POC), where contract assets is recognized when total revenues from real estate sales exceeds the billed amount.

30% Increase in Real Estate for Sale
The increase was mainly due to the additional construction costs incurred for ongoing projects as well as the carrying value of a portion of land that was transferred from “Investment properties” to “Real estate for sale” due to change in the intended use of the property.

9% Increase in Investment Properties
The increase is mainly attributable to the appraisal gain from ACPT, Laguna and other investment properties, net of reclassification of a portion of land to “Real estate for sale”.

14% Increase in Other Assets
The increase is largely attributable to VAT Input payments and advances for purchase of property.

51% Increase in Accounts Payable and Other Liabilities
This is attributable to payables to contractors for ongoing projects and other liabilities.

44% Increase in Loans Payable
The increase is largely attributed to drawdowns from various loan facilities to fund project related disbursements and working capital requirements.

127% Increase in Contract Liabilities
The increase pertains to collections received from buyers of units in Savya Financial Center and Sevina Park Villas, the related revenue of which is not yet recognized.

19% Decrease in Advances from Non-controlling Interests
The decrease pertains to ALCO’s acquisition of the 40% share owned by Rock & Salt B.V. in CLLC.

17% Increase in Net Retirement Liability
The increase is due to the additional retirement expense recognized for the year, net of remeasurement gains.

99% Increase in Additional Paid-in Capital
This is due to the excess of the proceeds over par value of the Preferred Shares Series D that was issued during the year, net of stock issuance costs.

17% Increase in Retained Earnings
The increase is due to net income for the year, net of dividends declared.
23% Decrease in Other Equity Reserves
The decrease is mainly due to ALCO's acquisition of 40% of the ownership and voting rights of CLLC from Rock & Salt B.V. resulting to 100% ownership of the Parent Company in CLLC. The difference between the acquisition cost and book value was recorded as reduction to equity reserves.

100% Increase in Treasury Stock – at cost
This is due to the redemption of Preferred Shares Series B during the year.

23% Increase in Non-Controlling Interests
The increase is largely contributed by the recognition of NCI's share in the net income of CLLC and SLDC.

RESULTS OF OPERATIONS
31 December 2023 vs. 31 December 2022

	31 Dec 2023	**% of Sale**	31 Dec 2022	% of Sale	Change
Revenues	**₱6,638,923,582**	100%	₱2,922,691,194	100%	127%
Cost and expenses	**(3,924,713,673)**	59%	(1,804,061,411)	62%	118%
Gross income	**2,714,209,909**	41%	1,118,629,783	38%	143%
Administrative expenses	**821,439,823**	12%	616,716,251	21%	33%
Selling and marketing expenses	**529,115,673**	8%	255,280,513	9%	107%
Operating expenses	**1,350,555,496**	20%	871,996,764	30%	55%
Income from operations	**1,363,654,413**	21%	246,633,019	8%	453%
Finance costs	**(1,020,350,432)**	15%	(500,672,464)	17%	104%
Net gain on change in fair value of investment properties	**974,092,333**	15%	1,435,889,906	49%	-32%
Other income – Net	**521,253,473**	8%	68,051,894	2%	666%
Income before income tax	**1,838,649,787**	28%	1,249,902,355	43%	47%
Provision for income tax	**449,666,103**	7%	376,837,638	13%	19%
Net income	**₱1,388,983,684**	21%	₱873,064,717	30%	59%
Other comprehensive income (loss)					
Remeasurement gains (losses) on net retirement asset or liability	**(6,839,472)**	-	58,645,826	2%	-112%
Income tax benefit (expense) on remeasurement gains or losses	**1,709,868**	-	(14,661,457)	1%	-112%
Total comprehensive income	**₱1,383,854,080**	21%	₱917,049,086	31%	51%

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

127% Increase in Revenues
The increase was driven by strong sales of office units at Savya Financial Center and Cebu Exchange, as well as residential units in Lucima, commercial lot sale in Sevina, along with the

initial revenue recognition from Eluria.

118% Increase in Cost and Expenses
The increase is due to higher sales booking and incremental percentage of completion.

33% Increase in Administrative Expenses
The increase is mainly attributed to increase in personnel cost, taxes and office expenses.

107% Increase in Selling and Marketing Expenses
The increase is mainly attributed to increase in commission relative to higher sales and increased marketing activities.

104% Increase in Finance Costs
The increase resulted from the non-capitalization of borrowing costs for completed projects, as well as interest associated to proceeds from the ASEAN green bonds, pending disbursement for the new projects.

32% Decrease in Net Gain on Change in Fair Value of Investment Properties
The decline is mostly attributable to the larger net saleable area of office and retail units in Cebu Exchange that were reclassified to investment properties and revalued to fair value in 2022 compared to 2023.

666% Increase in Other Income – Net
The increase is due to higher interest income from short term money market placements and gain on repossession arising from sales cancellation.

19% Increase in Provision for Income Tax
The increase is primarily attributed to higher revenues recognized this year.

112% Decrease in Remeasurement Gains (Losses) on Net Retirement Asset or Liability
This results from adjustments in financial assumptions and other factors considered in the valuation of the retirement plan.

RESULTS OF OPERATIONS
31 December 2022 vs. 31 December 2021

	31 Dec 2022	% of Sale	31 Dec 2021	% of Sale	Change
Revenues	**₱2,922,691,194**	100%	₱2,972,199,256	100%	-2%
Cost and expenses	**(1,804,061,411)**	62%	(1,728,843,604)	58%	4%
Gross income	**1,118,629,783**	38%	1,243,355,652	42%	-10%
Administrative expenses	**616,716,251**	21%	438,756,665	15%	41%
Selling and marketing expenses	**255,280,513**	9%	299,702,134	10%	-15%
Operating expenses	**871,996,764**	30%	738,458,799	25%	18%
Income from operations	**246,633,019**	8%	504,896,853	17%	-51%
Finance costs	**(500,672,464)**	17%	(277,828,945)	9%	80%
Net gain on change in fair value of investment properties	**1,435,889,906**	49%	872,263,700	29%	65%
Other income – Net	**68,051,894**	2%	27,647,106	1%	146%
Income before income tax	**1,249,902,355**	43%	1,126,978,714	38%	11%
Provision for income tax	**376,837,638**	13%	11,895,600	0%	3068 %

Net income	**₱873,064,717**	30%	₱1,115,083,114	38%	-22%
Other comprehensive income (loss)					
Remeasurement gains on net retirement liability	**58,645,826**	2%	10,211,359	0%	474%
Income tax benefit (expense) on remeasurement gains or losses	**(14,661,457)**	1%	(2,639,131)	0%	456%
Total comprehensive income	**₱917,049,086**	31%	₱1,122,655,342	38%	-18%

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

41% Increase in Administrative Expenses
The increase is largely due to real estate taxes and other related pre-operating expenses arising from the completion of Cebu Exchange property.

15% Decrease in Selling and Marketing Expenses
The decline is mainly due to lower commission expense for Cebu Exchange, as the project is at completion stage.

80% Increase in Finance Costs
The increase is mainly attributed to non-capitalization of borrowing costs due to substantial completion of Cebu Exchange and Savya Financial Center.

65% Increase in Net Gain on Change in Fair Value of Investment Properties
The increase is due to gains from revaluation of ACPT units and recognition of fair market value of Cebu Exchange units and parking slots, which were reclassified from Real estate for sale to Investment properties for lease. Initially, these properties were valued at ₱844 million but were subsequently revalued at a fair value of ₱1.8 billion.

146% Increase in Other Income – Net
The increase is due to higher interest income for the year.

3068% Increase in Provision for Income Tax
The increase in this account is primarily attributed to the gain recognized for the year due to the change in the fair value of investment properties. This was compared against lower income tax in 2021 after the full effect of the reduced tax rate per CREATE law.

474% Increase in Remeasurement Gains on Net Retirement Liability
This is due to the change in financial assumptions and other variables used in the valuation of the retirement plan.

RESULTS OF OPERATIONS
31 December 2021 vs. 31 December 2020

	31 Dec 2021	% of Sale	31 Dec 2020	% of Sale	Change
Revenues	**₱2,972,199,256**	100%	₱3,301,553,056	100%	-10%
Cost and expenses	**(1,728,843,604)**	58%	(1,682,981,281)	51%	3%
Gross income	**1,243,355,652**	42%	1,618,571,775	49%	-23%
Administrative expenses	**438,756,665**	15%	417,716,339	13%	5%
Selling and marketing expenses	**299,702,134**	10%	262,506,092	8%	14%

Operating expenses	**738,458,799**	25%	680,222,431	21%	9%
Income from operations	**504,896,853**	17%	938,349,344	28%	-46%
Finance costs	**(277,828,945)**	9%	(281,183,960)	9%	-1%
Net gain on change in fair value of investment properties	**872,263,700**	29%	959,989,140	29%	-9%
Other income – Net	**27,647,106**	1%	42,240,203	1%	-35%
Income before income tax	**1,126,978,714**	38%	1,659,394,727	50%	-32%
Provision for income tax	**11,895,600**	0%	490,270,422	15%	-98%
Net income	**₱1,115,083,114**	38%	₱1,169,124,305	35%	-5%
Other comprehensive income (loss)					
Remeasurement gains (losses) on net retirement liability	**10,211,359**	0%	(7,735,261)	0%	232%
Income tax benefit (expense) on remeasurement gains or losses	**(2,639,131)**	0%	2,320,578	0%	-214%
Total comprehensive income	**₱1,122,655,342**	38%	₱1,163,709,622	35%	-4%

Results of Operations for the year ended 31 December 2021 compared to the year ended 31 December 2020.

10% Decrease in Revenues
The decrease in revenue is due to the minimal movement of Cebu Exchange POC in 2021 since the project is already nearing its completion and the lesser amount of booked sales as compared with the preceding year.

On the other hand, real estate sales of the office units at Savya Financial Center and residential units at Sevina Park Villas increased by 37% and 275% respectively.

14% Increase in Selling and Marketing Expenses
The change is mainly due to the increase in marketing activities for ongoing and new projects.

9% Decrease in Net Gain on Change in Fair Value of Investment Properties
The decrease is largely due to the minimal appraisal gain recognized in 2021.

35% Decrease in Other Income – Net
The decrease is attributable to lower unrealized holding gains on financial assets at FVPL during the year.

98% Decrease in Provision for Income Tax
The decrease is largely due to the full effect of CREATE law resulting to lower income tax during the year.

232% Increase in Remeasurement Gains (Losses) on Net Retirement Liability
The increase is attributable to the change in financial assumptions and other variables used by the actuarial company in the valuation of the retirement plan.

FINANCIAL RATIOS

	December 2023	December 2022	December 2021
Current/Liquidity Ratio (Current Assets over Current Liabilities)	**2.32:1**	2.44:1	1.81:1

Solvency Ratio (Net income before Depreciation over Total Liabilities)	**0.06:1**	0.04:1	0.05:1
Debt-to-Equity Ratio (Total Liabilities to Total Equity)	**1.84:1**	2.02:1	2.14:1
Debt-to-Equity Ratio for Loan Covenant (Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	**1.39:1**	1.56:1	1.65:1
Asset-to-Equity Ratio (Total Assets over Total Equity)	**2.84:1**	3.02:1	3.14:1
Interest Rate Coverage Ratio (Pre-tax income before Interest over Interest Expense)	**2.81:1**	3.51:1	5.09:1
Profitability Ratio (Net income over Total Equity)	**0.11:1**	0.07:1	0.10:1

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

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

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

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

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

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

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

FINANCIAL POSITION
March 2024 vs. December 2023

	31 March 2024	31 December 2022	% Change
Cash and cash equivalents	**₱5,663,252,222**	₱5,605,296,553	1%
Financial assets at fair value through profit or loss (FVPL)	**874,825,387**	877,853,288	0%
Receivables	**1,446,206,520**	2,211,302,746	-35%
Contract Assets	**5,860,692,574**	5,608,780,240	4%
Real estate for sale	**8,026,033,121**	7,548,831,703	6%
Investment properties	**13,464,395,571**	13,175,632,447	2%
Property and equipment	**311,679,759**	315,768,669	-1%
Net retirement asset	**10,060,029**	14,151,768	-29%
Other Assets	**2,114,024,605**	1,906,428,476	11%
Total Assets	**37,771,169,788**	37,264,045,890	1%

	31 March 2024	31 December 2022	% Change
Accounts payable and other liabilities	**3,898,485,950**	3,621,061,114	8%
Loans payable	**12,251,697,364**	11,186,817,196	10%
Bonds payable	**5,945,602,053**	5,941,522,413	0%
Contract liabilities	**325,193,328**	198,350,664	64%
Advances from non-controlling interests	**1,010,119,597**	1,102,119,597	-8%
Net retirement liability	**5,406,794**	5,145,894	5%
Net deferred tax liabilities	**1,925,041,461**	2,092,857,227	-8%
Total Liabilities	**25,361,546,547**	24,147,874,105	5%
Equity attributable to equity holders of the Parent Company			
Capital stock	**1,007,257,136**	1,005,757,136	0%
Additional paid-in capital	**5,973,360,513**	5,973,360,513	0%
Treasury shares	**(2,000,000,000)**	(2,000,000,000)	0%
Parent Company's preferred shares held by a subsidiary	**(14,000,000)**	(12,500,000)	12%
Retained earnings	**5,107,338,168**	5,547,760,292	-8%
Other equity reserves	**216,566,831**	216,566,831	0%
	10,290,522,648	10,730,944,772	-4%
Non-controlling interests	**2,119,100,593**	2,385,227,013	-11%
Total Equity	**12,409,623,241**	13,116,171,785	-5%
Total Liabilities and Equity	**₱ 37,771,169,788**	₱ 37,264,045,890	1%

ALCO's total resources slightly increased from ₱37 billion to ₱38 billion as of 31 March 2023.

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

35% Decrease in Receivables
The decrease is due to collections from buyers of office and retail units of completed projects, as well as derecognition of receivables resulting from repossessed units.

6% Increase in Real Estate for Sale
This is mainly due to projects' additional development costs and effect of new accounting policies adopted by the Group, PFRS 15 and PIC Q&Q 2018-12 on exclusion of land in POC computation and IFRIC Agenda Decision Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry on non-capitalization of borrowing cost.[31]

29% Decrease in Net Retirement Assets
The decrease is due to additional retirement expense accrued for the period.

11% Increase in Other Assets
The increase is largely due to prepayment for project development, commissions and taxes.

Total liabilities increased 5% from ₱24.1 billion on 31 December 2023 to ₱25.4 billion as at 31 March 2024 due to the following:

[31] See Note 2 of the SEC Form 17-Q (First Quarter 2024).

8% Increase in Accounts Payable and Other Liabilities
The increase is due to accrual of construction costs of the ongoing projects of the Group.

10% Increase in Loans Payable
The increase pertains to additional loan drawdown from bank facilities.

64% 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.

5% Increase in Retirement Liability
This represents provision of retirement expense for the period.

8% Decrease in Net Deferred Tax Liabilities
The decrease is largely due to the difference of taxable income against financial income, including the effect of new accounting policies adopted in 2024, mentioned in Real Estate for Sale.

Total equity decreased by 5% from ₱13.1 billion on 31 December 2023 to ₱12.4 billion as at 31 March 2024 due to the following:

12% Increase in Parent Company's Shares Held by a Subsidiary
This pertains to the subscription of MPI to ALCO's Series E Preferred Shares.

8% Decrease in Retained Earnings
The decrease is due to adjustments in the beginning balance of Retained Earnings as a result of new accounting policies as mentioned in Real Estate for Sale and dividend declaration, net of net income for the quarter.

11% Decrease in Non-Controlling Interests (NCI)
This is attributed to adjustment mentioned in Retained Earnings, Net income (loss) and payment of dividends attributable to NCI and additional subscription of preferred shares for the period.

FINANCIAL RATIOS
March 2024 vs. December 2023

RATIO	**FORMULA**	**Mar 2024**	Dec 2023
Current Ratio	Current Assets / Current Liabilities	**1.95:1**	2.32:1
Acid Test Ratio	Quick Assets / Current Liabilities	**0.65:1**	0.86:1
Solvency Ratios	Net Income before depreciation / Total liabilities	**0.01:1**	0.06:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	**2.04:1**	1.84:1
Debt to Equity Ratio for Loan covenant	Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	**1.55:1**	1.39:1

RATIO	FORMULA	Mar 2024	Dec 2023
Asset-to-Equity Ratio	Total Assets / Total Equity	**3.04:1**	2.84:1
Interest Rate Coverage Ratio	Pretax Income before Interest / Interest expense	**1.47:1**	2.81:1
Return on Equity	Net Income / Average Equity excluding Preferred Shares	**1.48%**	10.59%
Return on Assets	Net Income / Average Total assets	**0.33%**	4%
Net Profit Margin	Net Income / Revenue	**13%**	21%
Basic Earnings per Share	Net income less dividends declared / Outstanding common shares	**0.0141**	0.1075
Price to Earnings Ratio	Market Price per share / Earnings per share	**34.65:1**	3.50:1
Dividend Yield	Dividends per share / Market price per share	**2.45%**	2.61%

FINANCIAL RATIOS
March 2024 vs March 2023

Ratio	Formula	Mar 2024	Mar 2023
Current Ratio	Current Assets / Current Liabilities	**1.95:1**	2.50:1
Acid Test Ratio	Quick Assets / Current Liabilities	**0.65:1**	0.9:1
Solvency Ratios	Net Income before depreciation / Total liabilities	**0.01:1**	0.01:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	**2.04:1**	1.95:1
Debt-to-Equity Ratio for Loan covenant	Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	**1.55:1**	1.53:1
Asset-to-Equity Ratio	Total Assets / Total Equity	**3.04:1**	2.95:1
Interest Rate Coverage Ratio	Pretax Income before Interest / Interest expense	**1.47:1**	1.82:1
Return on Equity	Net Income / Average Equity excluding Preferred Shares	**1.48%**	1.81%
Return on Assets	Net Income / Average Total assets	**0.33%**	0.40%
Net Profit Margin	Net Income / Revenue	**13%**	17%
Basic Earnings per Share	Net income less dividends declared / Outstanding common shares	**0.0141**	0.0139
Price to Earnings Ratio	Market Price per share / Earnings per share	**34.65:1**	36.77:1
Dividend Yield	Dividends per share / Market price per share	**2.45%**	2.35%

RESULTS OF OPERATIONS
March 2024 vs. March 2023

	31 March 2024		31 March 2023		% Change
	AMOUNT	% of Sale	AMOUNT	% of Sale	
Revenues	**₱983,511,417**	100%	₱835,428,569	100%	18%
Cost and Expenses	**615,301,235**	63%	404,722,404	48%	52%
GROSS INCOME	**368,210,182**	37%	430,706,165	52%	-15%
Administrative expenses	**256,514,830**	26%	153,077,251	18%	68%
Selling and marketing expenses	**96,707,381**	10%	70,530,408	8%	37%
OPERATING EXPENSES	**353,222,211**	36%	223,607,659	27%	58%
INCOME FROM OPERATIONS	**14,987,971**	2%	207,098,506	25%	-93%
OTHER OPERATING INCOME (EXPENSES)					
Finance costs	**(361,897,418)**	37%	(263,627,857)	32%	37%
Net gain on change in fair value of investment properties	**359,776,152**	37%	235,078,510	28%	53%
Other income – net	**156,735,615**	16%	24,546,849	3%	539%
INCOME BEFORE INCOME TAX	**169,602,320**	17%	203,096,008	24%	-16%
PROVISION FOR INCOME TAX	**46,448,595**	5%	61,016,313	7%	-24%
NET INCOME	**₱123,153,725**	13%	₱ 142,079,695	17%	-13%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of Parent Company	**137,522,409**	14%	136,071,835	16%	1%
Non-controlling interests	**(14,368,684)**	-1%	6,007,860	1%	-339%
	₱123,153,725	13%	₱142,079,695	17%	-13%

The Group's revenue declined by 13% from ₱142.1 million in March 2023 to ₱123.2 million in March 2024.

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

18% Increase in Revenues
This is mainly due to the initial revenue recognition of UNA Tower 1 at Sevina Park, as well as Eluria bookings net of the effect of the adoption of new accounting policies.

52% Increase in Cost and Expenses
The increase is due to higher revenues recognized as well as the associated cost of the sales mix for this quarter net of the effect of the adoption of new accounting policies.

68% Increase in Administrative Expenses
This is primarily driven by higher personnel costs and other pre-operating expenses related to completed projects.

37% Increase in Selling & Marketing Expenses
The increase is mainly attributed to increase in commission relative to the initial revenue recognition of Una Tower 1 at Sevina Park, as well as associated costs for marketing activities.

37% Increase in Finance Costs
The increase is due to non-capitalization of interest on the loans obtained for project development.

53% Increase in Net Gain on Change in Fair Value of Investment Properties
This pertains to the appraisal gain recognized for ACPT and land properties of the Group.

539% Increase in Other Income - net
This is mainly attributable to higher interest income from short term money market placements and gain on repossession.

24% Decrease in Provision for Income Tax
The decrease is due to lower taxable income for the quarter.

ANNUAL CORPORATE GOVERNANCE REPORT

ALCO's compliance with its Manual of Corporate Governance (the "Manual")[32], as recently amended on 03 May 2023[33], is monitored by its Compliance Officer who is tasked, among others, to determine and measure such compliance with the said Manual, while the heads of various departments of the organization monitor the requisite compliances within the scope of their responsibilities.

The Board of Directors and Management, including officers and staff, of ALCO believe that good corporate governance is a necessary component of a sound and strategic business management and have, therefore, adopted the leading principles and practices of good corporate governance mandated by law and regulatory agencies and committed these as guide in the attainment of corporate goals and objectives. For this reason, everyone in the organization undertakes every effort necessary to create awareness of ALCO's Manual of Corporate Governance. Upon election, appointment or hiring, as applicable, the new director/s, officer/s or employee/s is provided with all relevant written information about ALCO, including the Manual, and such policies and procedures which will be relevant to his duties and responsibilities as such director, officer or employee. He is then free to sit down with any incumbent officer to enlighten himself further on ALCO's operations.

There is no deviation from the Manual as of the date of this Report.

No evaluation system has been established at this time which can measure or determine the level of compliance of the Board of Directors and top-level management with the Manual, although steps are currently undertaken to create one. Nevertheless, an evaluation by a third party (Institute of Corporate Directors) was conducted in 2021 on the Board of Directors and ALCO's various committees.

[32] The revised Manual of Corporate Governance is available at www.arthaland.com.
[33] The only change refers to the term of the External Auditor. Item 6.B of the Manual now reads "The External Auditor shall be rotated or changed every seven (7) years or earlier, or the signing partner of the auditing firm assigned to the Corporation, should be changed with the same frequency."

CERTIFICATIONS OF INDEPENDENT DIRECTORS

ARTHALAND CORPORATION
ANNUAL STOCKHOLDERS MEETING
28 JUNE 2024, FRIDAY, 9:00AM

ARTHALAND
BUILDING SUSTAINABLE LEGACIES

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DENISE LOREENA V. DE CASTRO**, Filipino, of legal age, and a resident of **Unit 93, Gate 6, Ecology Village, Lumbang Street, Makati,** subscribing under oath, depose and say that:

1. I am an independent director of **ARTHALAND CORPORATION (the "Corporation")**, a publicly listed corporation organized and existing under Philippine law, with principal place of business at the **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634**. I have been an Independent Director of the Corporation since **30 June 2023.**

2. I am nominated for election as an Independent Director of the Corporation at its scheduled Annual Stockholders' Meeting on **28 June 2024.**

3. I am presently affiliated with DEQA Design Collaborative as its Principal Architect.

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other relevant rules of the Securities and Exchange Commission.

5. I am not in any way related to any director, officer, or substantial stockholder of the Corporation or any of its subsidiaries or affiliates.

6. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

7. I am not connected with any government agency or instrumentality at present. In the event that I will be elected as a director or officer of such, I undertake to secure the written permission or consent of the Securities and Exchange Commission and other related regulatory agencies to become an Independent Director of the Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Services Rules, as applicable.

8. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director of the Corporation, as set out in the Securities Regulation Code, its Implementing Rules and Regulations, the Corporate Governance Code, and other relevant issuances of the Securities and Exchange Commission.

9. I shall inform the Corporate Secretary of the Corporation on any change in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I hereunto affix my signature on the date and place indicated below.

DENISE LOREENA V. DE CASTRO

OATH

Republic of the Philippines)
Taguig City) SS.

I certify that on this MAY 09 2024, before me, a notary public duly authorized in the city above-named to take acknowledgments, personally appeared **Denise Loreena V. De Castro** (i) whom I identified through his **Passport Number P3081268B** issued by the **Department of Foreign Affairs NCR South**, a competent evidence of identity, to be the same person described in the foregoing instrument, (ii) who acknowledged before me that he voluntarily affixed his signature on the instrument for the purpose stated therein, and (iii) who declared to me that he has executed the instrument as his free and voluntary act and deed.

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

Doc. No. 143
Page No. 30
Book No. 24
Series of **2024**.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
Until Dec. 31, 2024
PTR # A 6123305 Jan. 2, 2024, Taguig City
IBP No. 326534 / 12/11/23 RSM (FOR YR. 2024)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. No. 61 (2023- 2024)

ARTHALAND
BUILDING SUSTAINABLE LEGACIES

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HANS B. SICAT**, Filipino, of legal age, subscribing under oath, depose and say that:

1. I am an independent director of **ARTHALAND CORPORATION (the "Corporation")**, a publicly listed corporation organized and existing under Philippine law, with principal place of business at the **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634**. I have been an Independent Director of the Corporation since **30 June 2017.**

2. I am nominated for election as an Independent Director of the Corporation at its scheduled Annual Stockholders' Meeting on **28 June 2024.**

3. I am a Managing Director in Ares Management Corporation, a U.S. publicly listed alternative investment manager.

4. I am also affiliated with the following companies and organizations:

Company/Organization	Position/Relationship
Asian Institute of Management	Executive in Residence
Projuris Corporation	Chairman
Skycable Corporation	Independent Director
TransNational Diversified Corporation	Independent Director
YPO Gold Philippines	Membership and Engagement Chairman, 2023-2024
Philippine Bank of Communications	Director

5. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other relevant rules of the Securities and Exchange Commission.

6. I am not in any way related to any director, officer, or substantial stockholder of the Corporation or any of its subsidiaries or affiliates, except as otherwise disclosed above.

7. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

8. I am not connected with any government agency or instrumentality at present. In the event that I will be elected as a director or officer of such, I undertake to secure the written permission or consent of the Securities and Exchange Commission and other related regulatory agencies to become an Independent Director of the Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Services Rules, as applicable.

9. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director of the Corporation, as set out in the Securities Regulation Code, its Implementing Rules and Regulations, the Corporate Governance Code, and other relevant issuances of the Securities and Exchange Commission.

10. I shall inform the Corporate Secretary of the Corporation on any change in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I hereunto affix my signature on the date and place indicated below.

Hans B. Sicat

HANS B. SICAT

OATH

Republic of the Philippines)
Taguig City) SS.

I certify that on this MAY 08 2024, before me, a notary public duly authorized in the city above-named to take acknowledgments, personally appeared **Hans B. Sicat** (i) whom I identified through his **Passport Number P701842B** issued by the **Department of Foreign Affairs on 19 June 2021**, a competent evidence of identity, to be the same person described in the foregoing instrument, (ii) who acknowledged before me that he voluntarily affixed his signature on the instrument for the purpose stated therein, and (iii) who declared to me that he has executed the instrument as his free and voluntary act and deed.

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

Doc. No. 39
Page No. 9
Book No. 24
Series of **2024**.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
Until Dec. 31, 2024
PTR # A-6123305 Jan. 2, 2024, Taguig City
IBP No. 326534 /12/11/23 RSM (FOR YR. 2024)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. No. 61 (2023- 2024)

ARTHALAND
BUILDING SUSTAINABLE LEGACIES

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANDRES B. STA. MARIA**, Filipino, of legal age, subscribing under oath, depose and say that:

1. I am an independent director of **ARTHALAND CORPORATION (the "Corporation")**, a publicly listed corporation organized and existing under Philippine law, with principal place of business at the **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634**. I have been an Independent Director of the Corporation since **24 June 2016.**

2. I am nominated for election as an Independent Director of the Corporation at its scheduled Annual Stockholders' Meeting on **28 June 2024.**

3. I am also presently affiliated with the companies named below and their related companies:

Company	Position/Relationship
United Laboratories, Inc.	Director
Shimizu Philippine Contractors, Inc.	Chairman, Director
Longmeadow Corporation	Director
Calasmar Holdings, Inc.	Director
Oceana Holdings, Inc.	Chairman and President
Alegre Resort Corporation	Director and Corporate Secretary

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other relevant rules of the Securities and Exchange Commission.

5. I am not in any way related to any director, officer, or substantial stockholder of the Corporation or any of its subsidiaries or affiliates, except as otherwise disclosed above.

6. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

7. I am not connected with any government agency or instrumentality at present. In the event that I will be elected as a director or officer of such, I undertake to secure the written permission or consent of the Securities and Exchange Commission and other related regulatory agencies to become an Independent Director of the Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Services Rules, as applicable.

8. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director of the Corporation, as set out in the Securities Regulation Code, its

Implementing Rules and Regulations, the Corporate Governance Code, and other relevant issuances of the Securities and Exchange Commission.

9. I shall inform the Corporate Secretary of the Corporation on any change in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I hereunto affix my signature on the date and place indicated below.

ANDRES B. STA. MARIA

OATH

Republic of the Philippines)
Taguig City) SS.

I certify that on this MAY 0 9 2024, before me, a notary public duly authorized in the city above-named to take acknowledgments, personally appeared **Andres B. Sta. Maria** (i) whom I identified through his **Passport Number P0668677B** issued by the **Department of Foreign Affairs NCR East on 14 February 2019**, a competent evidence of identity, to be the same person described in the foregoing instrument, (ii) who acknowledged before me that he voluntarily affixed his signature on the instrument for the purpose stated therein, and (iii) who declared to me that he has executed the instrument as his free and voluntary act and deed.

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

Doc. No. 142
Page No. 30
Book No. 24
Series of **2024.**

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
Until Dec. 31,2024
PTR #A-6123305 Jan. 2, 2024, Taguig City
IBP No. 32[illegible]334 /12/11/23 RSM (FOR YR. 2024)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. No. 61 (2023- 2024)

AUDITED FINANCIAL STATEMENTS FOR 2023

ARTHALAND CORPORATION
ANNUAL STOCKHOLDERS MEETING
28 JUNE 2024, FRIDAY, 9:00AM

C O V E R   S H E E T

for

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	4	0	0	7	1	6	0

C O M P A N Y   N A M E

ARTHALAND CORPORATION AND SUBSIDIARIES

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

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

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

C O M P A N Y   I N F O R M A T I O N

Group's Email Address	Group's Telephone Number/s	Mobile Number
ALCO@arthaland.com	(+632) 8403-6910	(+63) 917 509 3413

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
1,921	Last Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Marivic S. Victoria	msvictoria@arthaland.com	(+632) 8403-6910	09175949087

CONTACT PERSON'S ADDRESS

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

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

NOTE 2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

The following document has been received:

Receiving: Ryan Piramide
Receipt Date and Time: April 01, 2024 04:30:17 PM

Company Information

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

Document Information

Document ID: OST10401202482165387
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Consolidated
Remarks: None

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

Romel J. Espinoza

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ARTHALAND
BUILDING SUSTAINABLE LEGACIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management of **ARTHALAND CORPORATION (the "Parent Company") and its Subsidiaries (collectively, the "Group")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed this **20th** day of **March 2024, Taguig City, Philippines**.

ERNEST K. CUYEGKENG
Chairman of the Board

JAIME C. GONZALEZ
Vice Chairman and President

MARIVIC S. VICTORIA
Chief Finance Officer

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

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

OATH

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) SS.

I certify that on this MAR 20 2024, before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following whom I identified through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that they voluntarily affixed their signatures on the instrument for the purpose stated therein, and who declared to me that they executed the instrument as their free and voluntary act and deed and that they have the authority to sign on behalf of their principal:

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

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

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
Until Dec. 31,2024
PTR # A-6123305 Jan. 2, 2024, Taguig City
IBP No. 326534 / 12/11/23 RSM (FOR YR. 2024)
ROLL No. 41969
MCLE COMP. NO. VII No. 0028557
APRIL 19, 2023
APP. No. 61 (2023- 2024)

Doc No. 327;
Page No. 67;
Book No. 15;
Series of **2024**.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Arthaland Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine Securities and Exchange Commission (SEC) (see Note 2).

Basis of Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which describes the basis of accounting that has been used in the preparation of the consolidated financial statements. The accompanying consolidated financial statements have been prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the Philippine SEC in response to the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Fair Value Measurement of Investment Properties

The Group's investment properties which are accounted for using the fair value model amounted to ₱13,175.6 million as at December 31, 2023. The fair value measurement is significant to our audit as the investment properties account for 35.4% of the Group's total assets as at December 31, 2023 (see Notes 3 and 10 to the consolidated financial statements).

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

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

Revenue from Real Estate Sales

For the year ended December 31, 2023, the Group recognized revenue of ₱5,777.5 million from real estate sales using the percentage of completion (POC) method. This is significant to our audit as the amount of revenue from real estate sales for the year ended December 31, 2023 is material to the consolidated financial statements (see Notes 3 and 17 to the consolidated financial statements).

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

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

Valuation of Real Estate for Sale

The Group's real estate properties amounted to ₱7,548.8 million as at December 31, 2023, which accounts for 20.3% of the total assets (see Note 9 to the consolidated financial statements). Valuation of real estate for sale is significant to our audit because it involves determination and estimation of project costs at the end of reporting period.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Michelle R. Mendoza-Cruz.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 20, 2024
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Cash and cash equivalents	6	**₱5,605,296,553**	₱4,796,293,662
Financial assets at fair value through profit or loss (FVPL)	7	**877,853,288**	2,246,039,822
Receivables	8	**2,211,302,746**	2,380,054,645
Contract assets	5	**5,608,780,240**	3,920,367,468
Real estate for sale	9	**7,548,831,703**	9,381,383,586
Investment properties	10	**13,175,632,447**	11,273,784,260
Property and equipment	11	**315,768,669**	333,940,003
Net retirement asset	21	**14,151,768**	36,058,483
Other assets	12	**1,906,428,476**	2,024,785,160
		₱37,264,045,890	₱36,392,707,089
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and other liabilities	15	**₱3,621,061,114**	₱3,382,198,303
Loans payable	13	**11,186,817,196**	11,764,154,679
Bonds payable	14	**5,941,522,413**	5,925,771,148
Contract liabilities	5	**198,350,664**	231,469,884
Advances from non-controlling interests	4	**1,102,119,597**	1,102,119,597
Net retirement liability	21	**5,145,894**	2,545,060
Net deferred tax liabilities	23	**2,092,857,227**	1,924,137,488
Total Liabilities		**24,147,874,105**	24,332,396,159
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	**1,005,757,136**	1,005,757,136
Additional paid-in capital	16	**5,973,360,513**	5,973,360,513
Treasury stock - at cost	16	**(2,000,000,000)**	(2,000,000,000)
Parent Company's preferred shares held by a subsidiary - at cost	16	**(12,500,000)**	(12,500,000)
Retained earnings	16	**5,547,760,292**	4,912,544,253
Other equity reserves	16	**216,566,831**	221,696,435
		10,730,944,772	10,100,858,337
Non-controlling Interests	4	**2,385,227,013**	1,959,452,593
Total Equity		**13,116,171,785**	12,060,310,930
		₱37,264,045,890	₱36,392,707,089

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
REVENUES				
Real estate sales	17	**₱6,251,574,060**	₱2,595,989,838	₱2,628,943,563
Leasing operations	17	**366,299,089**	308,367,000	325,500,935
Property management fees	17	**21,050,433**	18,334,356	17,754,758
		6,638,923,582	2,922,691,194	2,972,199,256
COST AND EXPENSES				
Cost of real estate sales	9	**3,730,711,385**	1,657,941,172	1,610,033,648
Cost of leasing operations	10	**143,250,410**	118,657,712	107,071,759
Cost of services		**50,751,878**	27,462,527	11,738,197
		3,924,713,673	1,804,061,411	1,728,843,604
GROSS INCOME		**2,714,209,909**	1,118,629,783	1,243,355,652
OPERATING EXPENSES	18	**(1,350,555,496)**	(871,996,764)	(738,458,799)
FINANCE COSTS	19	**(1,020,350,432)**	(500,672,464)	(277,828,945)
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	10	**974,092,333**	1,435,889,906	872,263,700
OTHER INCOME - Net	20	**521,253,473**	68,051,894	27,647,106
INCOME BEFORE INCOME TAX		**1,838,649,787**	1,249,902,355	1,126,978,714
PROVISION FOR INCOME TAX	23	**449,666,103**	376,837,638	11,895,600
NET INCOME		**1,388,983,684**	873,064,717	1,115,083,114
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss -				
Remeasurement gains (losses) on net retirement asset or liability	21	**(6,839,472)**	58,645,826	10,211,359
Income tax benefit (expense) on remeasurement gains or losses	23	**1,709,868**	(14,661,457)	(2,639,131)
		(5,129,604)	43,984,369	7,572,228
TOTAL COMPREHENSIVE INCOME		**₱1,383,854,080**	₱917,049,086	₱1,122,655,342
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱948,309,181**	₱821,081,648	₱899,510,260
Non-controlling interests	4	**440,674,503**	51,983,069	215,572,854
		₱1,388,983,684	₱873,064,717	₱1,115,083,114
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱943,179,577**	₱865,066,017	₱907,082,488
Non-controlling interests	4	**440,674,503**	51,983,069	215,572,854
		₱1,383,854,080	₱917,049,086	₱1,122,655,342
EARNINGS PER SHARE	26			
Basic		**₱0.1314**	₱0.1075	₱0.1296
Diluted		**₱0.1314**	₱0.1075	₱0.1283

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2023	2022	2021
CAPITAL STOCK	16			
Common - at ₱0.18 par value - issued and outstanding		**₱957,257,136**	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value				
Balance at beginning of year		**48,500,000**	48,500,000	42,500,000
Issuance of preferred shares		**–**	–	6,000,000
Balance at end of year		**48,500,000**	48,500,000	48,500,000
		1,005,757,136	1,005,757,136	1,005,757,136
ADDITIONAL PAID-IN CAPITAL	16			
Balance at beginning of year		**5,973,360,513**	5,973,360,513	3,008,959,878
Issuance of preferred shares		**–**	–	2,994,000,000
Stock issuance costs		**–**	–	(29,599,365)
Balance at end of year		**5,973,360,513**	5,973,360,513	5,973,360,513
TREASURY STOCK - SERIES B PREFERRED SHARES - at cost	16	**(2,000,000,000)**	(2,000,000,000)	(2,000,000,000)
PARENT COMPANY'S PREFERRED SHARES HELD BY A SUBSIDIARY - at cost	16	**(12,500,000)**	(12,500,000)	(12,500,000)
RETAINED EARNINGS	16			
Balance at beginning of year		**4,912,544,253**	4,404,555,747	3,779,054,629
Net income		**948,309,181**	821,081,648	899,510,260
Dividends declared		**(313,093,142)**	(313,093,142)	(274,009,142)
Balance at end of year		**5,547,760,292**	4,912,544,253	4,404,555,747
OTHER EQUITY RESERVES	16			
Balance at beginning of year		**221,696,435**	177,630,403	230,363,146
Net increase (decrease)		**(5,129,604)**	44,066,032	(52,732,743)
Balance at end of year		**216,566,831**	221,696,435	177,630,403
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**₱10,730,944,772**	₱10,100,858,337	₱9,548,803,799
NON-CONTROLLING INTERESTS	4			
Balance at beginning of year		**₱1,959,452,593**	₱1,503,333,114	₱1,224,469,667
Acquisition of shares of subsidiaries		**2,158,740,700**	–	20,000,000
Increase (decrease) in deposit for future stock subscription		**(1,909,640,783)**	604,136,410	681,477,836
Share in net income		**440,674,503**	51,983,069	215,572,854
Dividends attributable to non-controlling interests		**(264,000,000)**	(200,000,000)	–
Acquisition of non-controlling interest of a subsidiary		**–**	–	(638,187,243)
Balance at end of year		**2,385,227,013**	1,959,452,593	1,503,333,114
		₱13,116,171,785	₱12,060,310,930	₱11,052,136,913

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱1,838,649,787**	₱1,249,902,355	₱1,126,978,714
Adjustments for:				
Interest expense	13	**1,016,185,458**	497,872,467	275,238,263
Net gain on change in fair value of investment properties	10	**(974,092,333)**	(1,435,889,906)	(872,263,700)
Interest income	6	**(293,392,563)**	(28,605,128)	(3,537,246)
Gain on repossession of real estate for sale	9	**(96,979,144)**	(5,398,638)	–
Realized gain on disposals of financial assets at FVPL	7	**(73,157,830)**	(30,063,000)	(23,603,206)
Depreciation and amortization	11	**62,752,127**	43,918,252	33,366,121
Retirement expense	21	**17,668,077**	26,688,905	27,158,439
Foreign exchange gains	20	**(4,437,686)**	(8,540,438)	(368,205)
Amortization of initial direct leasing costs	10	**1,357,221**	3,834,926	6,590,360
Gain on sale of investment properties	10	**(1,198,576)**	–	–
Unrealized holding losses (gains) on financial assets at FVPL	7	**(858,794)**	(2,215,632)	6,258,905
Loss (gain) on sale of property and equipment	11	**857,717**	(369,071)	545,561
Provision for expected credit loss	8	**–**	1,746,790	–
Stock options	16	**–**	81,663	594,611
Operating income before working capital changes		**1,493,353,461**	312,963,545	576,958,617
Decrease (increase) in:				
Receivables		**168,751,899**	(1,022,787,846)	(1,262,564,709)
Contract assets		**(1,688,412,772)**	2,318,512,618	(896,999,047)
Real estate for sale		**1,360,093,722**	(733,875,012)	(1,357,622,441)
Other assets		**211,256,410**	228,927,073	(193,186,049)
Increase (decrease) in:				
Accounts payable and other liabilities		**563,352,565**	(299,658,726)	1,110,028,187
Contract liabilities		**(33,119,220)**	169,315,788	34,730,704
Net cash generated from (used for) operations		**2,075,276,065**	973,397,440	(1,988,654,738)
Interest paid		**(1,590,273,466)**	(884,285,361)	(1,061,384,897)
Interest received		**293,392,563**	28,605,128	3,537,246
Income taxes paid		**(279,150,204)**	(181,660,400)	(146,012,416)
Contribution to retirement plan assets	21	**–**	(120,000,000)	–
Net cash provided by (used in) operating activities		**₱499,244,958**	(₱183,943,193)	(₱3,192,514,805)

(Forward)

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVPL		**₱14,476,907,911**	₱10,130,898,572	₱5,655,025,427
Investment properties		**26,777,400**	–	–
Property and equipment		**3,327,270**	369,071	5,215,796
Additions to:				
Financial assets at FVPL	7	**(13,034,704,753)**	(7,966,052,018)	(6,759,000,000)
Property and equipment	11	**(47,655,856)**	(105,618,659)	(32,148,365)
Investment properties	10	**(15,505,405)**	(12,126,466)	(29,562,351)
Net cash provided by (used in) investing activities		**1,409,146,567**	2,047,470,500	(1,160,469,493)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Loans payable	13	**(7,552,224,045)**	(8,827,047,186)	(6,302,985,708)
Dividends	25	**(758,500,714)**	(332,514,786)	(273,052,780)
Debt issue cost		**(4,925,394)**	(64,020,434)	(27,929,588)
Advances from non-controlling interests		**–**	–	(265,466,700)
Proceeds from:				
Loans payable	13	**6,962,723,916**	7,152,362,410	10,445,612,330
Deposit for future stock subscription from non-controlling interest	4	**249,099,917**	604,136,410	681,477,836
Bonds payable	14	**–**	3,000,000,000	–
Sale of interests in subsidiaries	4	**–**	204,393,137	258,237,750
Issuance of preferred shares	16	**–**	–	2,970,400,635
Purchase of additional shares in a subsidiary	4	**–**	(762,340,790)	(125,500,000)
Redemption of preferred shares	16	**–**	–	(2,000,000,000)
Net cash provided by (used in) financing activities		**(1,103,826,320)**	974,968,761	5,360,793,775
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		**4,437,686**	8,540,438	368,205
NET INCREASE IN CASH AND CASH EQUIVALENTS		**809,002,891**	2,847,036,506	1,008,177,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,796,293,662**	1,949,257,156	941,079,474
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**₱5,605,296,553**	₱4,796,293,662	₱1,949,257,156

(Forward)

	Note	Years Ended December 31 2023	2022	2021
COMPONENTS OF CASH AND CASH EQUIVALENTS	6			
Cash on hand		**₱185,000**	₱175,000	₱195,000
Cash in banks		**1,672,414,790**	1,087,334,786	692,017,890
Cash equivalents		**3,932,696,763**	3,708,783,876	1,257,044,266
		₱5,605,296,553	₱4,796,293,662	₱1,949,257,156
NONCASH FINANCIAL INFORMATION:				
Application of deposit for future stock subscription from non-controlling interest to preferred shares of a subsidiary	4	**₱1,909,640,783**	₱–	₱–
Transfer of assets under construction from "Real estate for sale" account to "Investment properties" account	9	**939,186,494**	843,811,580	–
Repossession of real estate for sale	9	**303,422,533**	27,257,983	–
Capitalized borrowing costs	13	**66,326,656**	146,903,254	552,249,794
Application of advances for asset purchase to real estate for sale	12	**–**	209,361,707	–
Transfer of assets under construction and land from "Investment properties" account to "Real estate for sale" account	10	**–**	40,637,085	186,463,663
Transfer of assets under construction from "Real estate for sale" account to "Property and equipment" account	9	**–**	18,195,071	–
Assignment of shareholder advances and accrued interest from purchase of interests in a subsidiary	4	**–**	–	762,340,790
Assignment of shareholder advances and accrued interest from sale of interests in subsidiaries	4	**–**	–	446,800,000

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

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 C and 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 ASEAN Green Bonds (the Bonds) and the initial tranche of ₱2.0 billion, with an oversubscription option of ₱1.0 billion. Hence, the first tranche of the Bonds under the Company's ASEAN Green Bond Program had an aggregate principal amount of ₱3.0 billion and 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 14).

In December 2021, the Parent Company made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series D preferred shares at ₱1.00 par value at the issuance price of ₱500 a 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 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 (see Note 31).

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

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

Composition of the Group

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

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

**formerly Emera Property Management, Inc.*
***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 4).

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 4).

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 (see Note 4).

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.

Major Projects

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

In 2014, the Parent Company started the construction of Arthaland Century Pacific Tower (ACPT) in BGC, ALCO's flagship office project. Completed in 2019, ACPT is a 30-storey AAA-grade office building designed by Skidmore, Owings & Merrill (SOM), the same group that penned the One World Trade Center and Burj Khalifa in Dubai. 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 in 2018. It is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 23).

In 2019, the International Finance Corporation, a member of the World Bank Group, recognized ACPT as the world's first net zero certified building under its Excellence in Design for Greater Efficiencies (EDGE) green building rating system. This recognition is in addition to its LEED and BERDE certifications achieved previously. Since 2020, ACPT has been awarded the WELL™ Health-Safety Rating by the International WELL Building Institute™ (IWBI™), certifying buildings with operational standards that address critical health and safety issues.

In 2016, CLLC commenced the development of Cebu Exchange (Cebu Exchange), a 38-storey office building in Barangay Lahug, Cebu City. Its construction commenced in the second quarter of 2018. Completed in 2023, Cebu Exchange was awarded LEED Gold, EDGE Advanced, and BERDE 5-Star. The project was awarded WELL precertification by IWBI™ in 2020 and is on track for its EDGE Zero Carbon certification. Besides being designed to be a world-class workplace, Cebu Exchange is 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. Courtyard Hall is a campus-type or dormitory-type residential community (see Note 10) covering 4,000 sqm of the property, completed in June 2019. Also, in June 2019, Cazneau launched the Sevina Park Villas at Sevina Park, which caters to students, faculty, and starting families within the area. The entire project, including the future vertical residential and commercial developments, 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 under LEED for Homes rating systems. In 2022, PHILGBC certified the project BERDE 5-Star under its BERDE for District green building rating tool. Likewise, Sevina Park Villas turnover units are on track for EDGE and the remaining Villa-182 turnover units are vying for LEED certifications.

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, ZLDC, together with the other party which acquired the remaining 52.6% of the total area of the condominium units are still working on getting the property partitioned to enable the Company to have 100% ownership of approximately 957 sqm of the current lot area. Once the partition is completed, the Company plans to develop a high-rise luxury, multi-certified sustainable residential property. The project, which is hereinafter referred to as Makati CBD Residential Project 1, is expected to be launched by the second 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 in Arca South, Taguig City. The North and South Tower (of the Savya Financial Center) 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 and the WELL precertification in 2021. It is on-track to achieve BERDE and EDGE Zero Carbon certifications.

In August 2019, Bhavya acquired a prime property in the Makati Central Business District. Bhavya intends to develop a pioneer residential project named Eluria with a total gross floor area of approximately 14,600 sqm. Eluria was formally launched in 2002 and will be a low-density, multi-certified, sustainable, ultra-luxury development offering 37 large, limited-edition designer residences. Once completed, its future residents will enjoy exceptional white glove butler services. The project was precertified 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. It has a lot area of 2,245 sqm, is expected to be developed into approximately 28,000 sqm of GFA, and will offer 265 residential units. The project was awarded LEED Gold precertification in 2020 and is on-track to achieve BERDE, EDGE, and WELL certifications. It is expected to be completed by the fourth quarter of 2024.

ALCO is also evaluating 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 2028 to manage the funding requirements over time. ALCO plans to develop the property over multiple phases from 2024 to 2033 to provide a steady pipeline of projects which will contribute to the revenues of ALCO over the long-term. It is envisioned to be a sustainable, master planned development which will have commercial, residential, and retail components.

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 2040. Completion will likewise be done in phases between 2029 to 2043.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issue by the BOD on March 20, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of financial reporting relief issued and approved by the Philippine SEC in response to the COVID-19 pandemic. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

On December 15, 2020, the SEC issued Memorandum Circular (MC) No. 34, Series of 2020, which further extended the deferral of application of the provision of Philippine Interpretations Committee (PIC) Question & Answer (Q&A) No. 2018-12 with respect to accounting for significant financing component and exclusion of land in the calculation of percentage of completion (POC) and IFRIC Agenda Discussion on over time transfers of construction goods under PAS 23, *Borrowing Costs*, for another period of three years or until 2023.

The Group opted to avail of the relief in connection with the accounting for significant financing component, exclusion of land in the calculation of POC, and borrowing costs. The impact of the application of such financial reporting relief is discussed in *"Amendments to PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted"* section of the notes to the consolidated financial statements.

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

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investments in money market fund and investment properties, which are carried at fair value, and net retirement liability, which is carried at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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 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 nonfinancial 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 Judgments, Accounting Estimates and Assumptions
- Note 7 - Financial Assets at Fair Value through Profit or Loss (FVPL)
- Note 10 - Investment Properties
- Note 28 - 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 for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- Amendments to PAS 1, *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 adoption of the amendments to PFRS did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

<u>Amendments to PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted</u>
Relevant amendments to PFRS and PIC issuances, which are not yet effective or adopted as at December 31, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

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

- 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.

- 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.

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, except for the potential impact of accounting for borrowing costs, the assessment if the transaction price includes a significant financing component and the exclusion of land in the calculation of POC, is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 December 31, 2023 and 2022, 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 December 31, 2023 and 2022, the Group classified its investments in money market fund under this category (see Note 7).

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 December 31, 2023 and 2022, the Group's contract assets, cash in banks, cash equivalents, receivables (excluding accrued rent under straight-line basis of accounting), amounts held in escrow, amounts held in trust and deposits are classified under this category (see Notes 5, 6, 8, and 12).

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 December 31, 2023 and 2022, the Group's loans and bonds payable, accounts payable and other liabilities (excluding statutory payables, payable to customers and advance rent) and contract liabilities are classified under this category (see Notes 5, 13, 14 and 15).

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) 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 29).

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. Unamortized debt issue costs is presented against the carrying amount of related debt.

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). In few cases of buyer defaults, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are included in the "Real estate for sale" account in the consolidated statements of financial position.

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.

As allowed under PIC Q&A No. 2020-05, repossessed assets are recorded at fair value less cost to repossess and are held for sale in the ordinary course of business. Prior to repossession, the Group updates its impairment assessment on the related receivable from its sale of real estate. Upon repossession, the difference between the carrying amount of the receivable to be derecognized and the fair value of the repossessed property less repossession cost is recognized in profit or loss.

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, discounted cash flow approach and depreciated replacement 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 are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

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

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

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

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), creditable withholding taxes (CWT), advances for project development, advances for asset purchase, amounts held in escrow and amounts held in trust (both classified as financial assets), prepayments, deposits (classified as financial assets), deferred input VAT, software and licenses, 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.

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 or if the purchase was made on or after January 1, 2022, 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.

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.

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

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.

Basic and Diluted Earnings per Share (EPS)

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

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

Revenue Recognition

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.

The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2018-12-D *(as amended by PIC Q&A 2020-04)* and PIC Q&A No. 2018-12-E with respect to the accounting for significant financing component and the exclusion of land in the computation of POC for another three (3) years.

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 includes 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 retail units, is recognized as expense when incurred.

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

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

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

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

Leases
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.

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 30 to the 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 Judgments, Accounting 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 other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments

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

Determining the Functional Currency. Based on management's assessment, the functional currency of the Group has been determined to be the 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 has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that by virtue of the Parent Company's majority ownership of voting rights in its subsidiaries as at December 31, 2023, 2022 and 2021, it has the ability to exercise control over these investees.

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

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

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

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

The amount of revenue from real estate sales recognized based on POC in 2023, 2022 and 2021 are disclosed in Note 17. The related cost of real estate sales in 2023, 2022 and 2021 are disclosed in Note 9.

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.

The carrying amounts of real estate for sale, investment properties and property and equipment as at December 31, 2023 and 2022 are disclosed in Notes 9, 10 and 11, respectively.

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

The carrying amounts of investment properties as at December 31, 2023 and 2022 are disclosed in Note 10.

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

The amount of revenue from leasing operations recognized from these operating leases in 2023, 2022 and 2021 are disclosed in Note 22.

Accounting Estimates and Assumptions

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

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

The amount of revenue from real estate sales recognized based on POC and the related cost of real estate sales incurred in 2023, 2022 and 2021 are disclosed in Notes 17 and 9, respectively.

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

The carrying amounts of investment properties as at December 31, 2023 and 2022 are disclosed in Note 10.

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

No provision for inventory obsolescence was recognized in 2023, 2022 and 2021. The carrying amounts of real estate for sale as at December 31, 2023 and 2022 are disclosed in Note 9.

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

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

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

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

The amount of provision for ECL and the carrying amount of the Group's contract assets and trade receivables as at and for the years ended December 31, 2023 and 2022 are disclosed in Notes 5 and 8, respectively.

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

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
- 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.

No provision for ECL was recognized in 2023, 2022 and 2021.

The carrying amounts of financial assets which consists of cash in banks and cash equivalents, receivable from sale of interests in subsidiaries, due from related parties, interest receivable, advances to employees, other receivables, amounts held in escrow, amounts held in trust, and deposits are disclosed in Notes 6, 8 and 12.

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

There were no changes in the estimated useful lives of property and equipment in 2023, 2022 and 2021. The carrying amounts of property and equipment as at December 31, 2023 and 2022 are disclosed in Note 11.

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

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.

No provision for impairment loss on nonfinancial assets was recognized in 2023, 2022 and 2021.

The carrying amounts of nonfinancial assets which consists of accrued rent receivable, property and equipment and other assets (excluding deposits and amounts held for escrow) are disclosed in Notes 8, 11 and 12.

Estimating Retirement Liability. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 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.

The carrying amounts of net retirement liability (asset) as at December 31, 2023 and 2022 are disclosed in Note 21.

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused 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, certain portion of deferred tax assets was not recognized.

As at December 31, 2023 and 2022, the carrying amounts of recognized deferred tax assets and the amount of unrecognized deferred tax assets, which management has assessed may not be realized in the future, are disclosed in Note 23.

4. Material Non-controlling Interests

The Group's non-controlling interests amounting to ₱2,385.2 million, ₱1,959.5 million and ₱1,503.3 million as at December 31, 2023, 2022 and 2021, respectively, pertains to interests in SLDC, KHI, Bhavana and Bhavya.

SLDC
Non-controlling interests over SLDC is 41% as at December 31, 2023, 2022 and 2021.

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.

Net income of SLDC allocated to non-controlling interests amounted to ₱23.7 million in 2023, ₱24.4 million in 2022 and ₱119.2 million in 2021, which were determined based on the agreement between ALCO and MEC.

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.

The summarized financial information of SLDC, before intercompany eliminations, as at and for the years ended December 31, 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Current assets	**₱5,381,802,617**	₱6,167,275,482	₱5,819,094,589
Noncurrent assets	**587,782,533**	33,176,544	33,078,020
Current liabilities	**(2,821,444,146)**	(3,616,295,729)	(2,609,864,079)
Noncurrent liabilities	**(526,773,954)**	(400,885,058)	(1,210,540,368)
Net assets	**₱2,621,367,050**	₱2,183,271,239	₱2,031,768,162

	2023	2022	2021
Revenue	**₱2,392,608,813**	₱435,347,696	₱975,128,529
Expenses	**(1,346,462,251)**	(318,327,624)	(584,200,793)
Income before income tax	**1,046,146,562**	117,020,072	390,927,736
Finance cost	**(130,048,494)**	(42,038,972)	–
Other income – net	**100,760,291**	6,403,512	3,052,303
Provision for income tax	**(253,662,465)**	(20,617,945)	(79,039,840)
Total comprehensive income	**₱763,195,894**	₱60,766,667	₱314,940,199

	2023	2022	2021
Cash flows from (used in):			
Operating activities	**₱1,026,911,397**	(₱588,143,491)	(₱534,721,590)
Investing activities	**188,716,135**	(86,661,983)	(149,278,306)
Financing activities	**(1,013,845,574)**	672,954,393	849,994,159
Net increase (decrease) in cash and cash equivalents	**201,781,958**	(1,851,081)	165,994,263
Cash and cash equivalents at beginning of year	**314,937,428**	316,788,509	150,794,246
Cash and cash equivalents at end of year	**₱516,719,386**	₱314,937,428	₱316,788,509

KHI
The Group has 40% non-controlling interests in KHI. The net income (loss) of KHI allocated to non-controlling interests amounting to ₱295.8 million in 2023, (₱3.5 million) in 2022 and (₱0.1 million) in 2021 were distributed based on the capital contribution. The total assets of KHI amounted to ₱624.2 million and ₱1,106.1 million as at December 31, 2023 and 2022, respectively. Net income before intercompany eliminations amounted to ₱530.0 million and ₱513.2 million in 2023 and 2022, respectively, and net cash inflows amounted to ₱2.5 million in 2023 and ₱0.3 million in 2022.

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 dividends were 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.

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 2023, Narra also subscribed to 442,000 preferred shares of Bhavya for a total subscription amount of ₱44.2 million.

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

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

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.

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

	2023	2022
Current assets	**₱3,025,412,720**	₱2,228,405,343
Noncurrent assets	**53,303,805**	57,675,852
Current liabilities	**(1,758,715,743)**	(1,164,268,334)
Noncurrent liabilities	**(1,093,930,267)**	(961,554,270)
Net assets	**₱226,070,515**	₱160,258,591

	2023	2022
Revenue	**₱1,512,300,615**	₱917,746,872
Expenses	**(1,257,960,075)**	(774,234,244)
Income before income tax	**254,340,540**	143,512,628
Other income – net	**6,632,700**	2,138,751
Provision for income tax	**(65,161,316)**	(37,087,175)
Total comprehensive income	**₱195,811,924**	₱108,564,204

	2023	2022
Cash flows from (used in):		
Operating activities	**(₱142,388,675)**	(₱487,745,492)
Investing activities	**(27,067,756)**	58,530,740
Financing activities	**177,775,984**	466,053,587
Net increase in cash and cash equivalents	**8,319,553**	36,838,835
Cash and cash equivalents at beginning of year	**53,843,079**	17,004,244
Cash and cash equivalents at end of year	**₱62,162,632**	₱53,843,079

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

	2023	2022
Current assets	**₱1,899,254,095**	₱1,224,777,766
Noncurrent assets	**185,698,815**	125,066,854
Current liabilities	**(985,025,718)**	(691,300,061)
Noncurrent liabilities	**(925,874,631)**	(702,134,489)
Net assets	**₱174,052,561**	(₱43,589,930)

	2023	2022
Revenue	**₱565,910,408**	₱–
Expenses	**(426,187,267)**	(53,383,762)
Income (loss) before income tax	**139,723,141**	(53,383,762)
Other income – net	**3,185,506**	588,051
Income tax benefit (expense)	**(35,766,156)**	22,062,594
Total comprehensive income (loss)	**₱107,142,491**	(₱30,733,117)

	2023	2022
Cash flows from (used in):		
Operating activities	**(₱516,113,541)**	(₱184,069,149)
Investing activities	**(35,429,738)**	(16,763,910)
Financing activities	**541,591,897**	221,728,841
Net increase (decrease) in cash and cash equivalents	**(9,951,382)**	20,895,782
Cash and cash equivalents at beginning of year	**48,123,948**	27,228,166
Cash and cash equivalents at end of year	**₱38,172,566**	₱48,123,948

Advances from Non-controlling Interests

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

	Amount of Transactions		Outstanding Balance	
	2023	2022	**2023**	2022
Advances for Project Development				
HHI	**₱–**	₱–	**₱495,919,597**	₱495,919,597
Narra	**–**	–	**411,200,000**	411,200,000
MEC	**–**	–	**195,000,000**	195,000,000
			₱1,102,119,597	₱1,102,119,597
Interest Expense				
MEC	**₱6,825,000**	₱6,825,000	**₱22,019,016**	₱15,876,516
Narra	**14,392,000**	14,392,000	**57,239,941**	45,726,341
			₱79,258,957	₱61,602,857

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

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 at 3.5% per annum. Interest expense incurred amounted to ₱6.8 million in 2023 and 2022. These are unsecured, unguaranteed, and payable on demand and in cash.

5. Contract Assets and Contract Liabilities

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

	2023	2022
Contract assets	**₱5,608,780,240**	₱3,920,367,468
Contract liabilities	**198,350,664**	231,469,884
Net contract assets	**₱5,410,429,576**	₱3,688,897,584

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

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

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱185,000**	₱175,000
Cash in banks	**1,672,414,790**	1,087,334,786
Cash equivalents	**3,932,696,763**	3,708,783,876
	₱5,605,296,553	₱4,796,293,662

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

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

	2023	2022	2021
Cash in banks	**₱4,275,164**	₱2,432,535	₱2,130,550
Cash equivalents	**289,117,399**	26,172,593	1,406,696
	₱293,392,563	₱28,605,128	₱3,537,246

7. Financial Assets at FVPL

This account pertains to investments in money market fund. Movements in this account are as follows:

	Note	**2023**	2022
Balance at beginning of year		**₱2,246,039,822**	₱4,378,607,744
Additions		**13,034,704,753**	7,966,052,018
Disposals		**(14,403,750,081)**	(10,100,835,572)
Unrealized holding gains	20	**858,794**	2,215,632
Balance at end of year		**₱877,853,288**	₱2,246,039,822

Realized gain on disposals of financial assets at FVPL amounted to ₱73.2 million in 2023, ₱30.1 million in 2022 and ₱23.6 million in 2021 (see Note 20).

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

8. **Receivables**

This account consists of:

	Note	**2023**	2022
Trade receivables from:			
Sale of real estate		**₱1,516,515,928**	₱1,975,808,602
Leasing	22	**170,407,706**	123,938,918
Interest receivable		**68,050,847**	49,851,949
Accrued rent receivable	22	**39,399,432**	46,903,720
Due from related parties	24	**43,082,172**	41,735,930
Advances to employees		**13,817,499**	9,014,053
Receivable from sale of interests in subsidiaries	4	**–**	4,169,113
Other receivables		**361,775,952**	130,379,150
		2,213,049,536	2,381,801,435
Allowance for ECL		**(1,746,790)**	(1,746,790)
		₱2,211,302,746	₱2,380,054,645

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 and which are generally collectible in monthly installments over a maximum period of three (3) years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Trade receivables from leasing operations are noninterest-bearing, unsecured and collectible within seven (7) 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 contractual rental payments.

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.

9. **Real Estate for Sale**

This account consists of:

	2023	2022
Land	**₱4,657,482,900**	₱5,215,140,797
Assets under construction	**1,610,620,833**	3,793,976,402
Office units for sale	**1,280,727,970**	–
Condominium units for development	**–**	372,266,387
	₱7,548,831,703	₱9,381,383,586

Movements of this account follow:

	Note	2023	2022	2021
Balance at beginning of year		**₱9,381,383,586**	₱8,988,754,987	₱6,894,906,539
Construction costs incurred		**2,465,893,254**	2,367,086,823	2,967,656,089
Cost of real estate sold		**(3,730,711,385)**	(1,657,941,172)	(1,610,033,648)
Transfers to investment properties	10	**(939,186,494)**	(843,811,580)	–
Repossessions		**303,422,533**	27,257,983	–
Capitalized borrowing costs	13	**66,326,656**	144,446,120	549,762,344
Transfers from:				
Property and equipment	11	**1,703,553**	–	–
Investment properties	10	**–**	40,637,085	186,463,663
Acquisition of:				
Raw land		**–**	300,563,278	–
Condominium units for development		**–**	32,585,133	–
Transfers to property and equipment	11	**–**	(18,195,071)	–
Balance at end of year		**₱7,548,831,703**	₱9,381,383,586	₱8,988,754,987

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 sell and cost to complete at the time of transfer and are held for sale in the ordinary course of business. Gain on repossession amounted to ₱97.0 million in 2023 and ₱5.4 million in 2022 recorded under "Other Income - net" account in the consolidated statements of comprehensive income (see Note 20).

Land

Land pertains to parcels of land acquired by the Group for future development projects that are intended for sale. This account also includes payments made to a seller of land in 2021 which were classified as advances for asset purchase as at December 31, 2021 and was subsequently acquired by the Group in 2022 (see Note 12).

In 2021, Cazneau transferred portion of a parcel of land from "Investment properties" account to "Real estate for sale" account aggregating ₱186.5 million because of the change in the intended use of the property as approved by the BOD (see Note 10).

The land of Sevina Park with carrying amount of ₱386.2 million as at December 31, 2023 was used as security for the bank loan of Cazneau with outstanding balance of ₱921.3 million as at December 31, 2023 (see Note 13).

Assets under Construction

Assets under construction consist of land and development costs of ongoing real estate projects of the Group. As at December 31, 2023 and 2022, this account includes the land and development costs of Savya Financial Center, Sevina Park, 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 ₱485.4 million (see Note 10).

In June 2022, the BOD of CLLC, in line with management objective to increase CLLC's recurring income, approved to keep 8,059 sqm of Cebu Exchange office units with 72 appurtenant parking slots, 2,628 sqm of retail units and an additional of 36 non-appurtenant parking slots as leasing assets of CLLC. This was reclassified from "Real estate for sale" account to "Investment properties" account aggregating ₱843.8 million.

In 2023, the BOD of CLLC approved to reclassify additional Cebu Exchange office units with parking slots as leasing assets of CLLC to further increase CLLC's recurring income. This was reclassified from "Real estate for sale" account to "Investment properties" account aggregating ₱453.8 million. Consequently, CLLC's leasing assets to date consists of 16,003 sqm of office and retail units together with 118 appurtenant and 36 non-appurtenant parking slots.

Condominium Certificates of Title and assignment of Contract-to-Sell receivables of CLLC with recourse of the assigned accounts were used as collateral for loans payable with outstanding balance amounting to ₱807.0 million as at December 31, 2022 (see Note 13). This was fully settled as at December 31, 2023.

As at December 31, 2023 and 2022, the carrying amount of land of SLDC amounting to ₱1,434.8 million is used as security for SLDC's bank loans with outstanding balance of ₱891.7 million as at December 31, 2022. In 2023, the foregoing loan was fully settled (see Note 13).

In 2022 and 2021, Cazneau transferred portion of its assets under construction from "Investment properties" account to "Real estate for sale" account aggregating ₱40.6 million and ₱186.5 million, respectively, because of the change in the intended use of the property as approved by the BOD (see Note 10).

In 2022, Bhavya transferred assets under construction pertaining to cost of model unit from "Real estate for sale" account to "Property and equipment" account aggregating ₱18.2 million because of the change in the intended use of the property as approved by the BOD (see Note 11).

The land of Lucima Residences with carrying amount of ₱794.5 million as at December 31, 2023 are used as security for the bank loan of Bhavana with outstanding balance of ₱925.4 million and ₱924.2 million as at December 31, 2023 and 2022, respectively (see Note 13).

Office Units for Sale

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

Condominium Units for Development

These pertain to the Group's condominium units for development in Makati City which are intended for future development and for sale. The carrying amount of these assets were transferred to the cost of Land and Assets under construction following the ongoing redevelopments to new condominium in the projects.

Borrowing Costs

General and specific borrowings were used to partially finance the Group's ongoing real estate projects. The related borrowing costs amounting to ₱66.3 million in 2023, ₱144.4 million in 2022 and ₱549.8 million in 2021, were capitalized as part of real estate for sale. The capitalization rates used to determine general borrowing costs eligible for capitalization ranges from 4.5% to 7.5% in 2023, 2022 and 2021 (see Note 13).

NRV of Real Estate for Sale
As at December 31, 2023 and 2022, real estate for sale is stated at cost which is lower than its NRV. There is no allowance for inventory obsolescence as at December 31, 2023 and 2022.

10. Investment Properties

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

	2023	2022
Arthaland Century Pacific Tower (ACPT)	**₱6,493,588,314**	₱6,182,842,179
Cebu Exchange	**2,831,538,845**	1,797,996,536
Arya Residences:		
Retail units	**1,292,328,999**	1,265,254,657
Parking slots	**184,531,620**	181,740,596
Land:		
UPHI's Laguna and Tagaytay properties	**829,421,708**	829,421,708
Cazneau's retail lots	**445,547,740**	438,702,090
ALCO's Batangas and Tagaytay properties	**216,961,878**	216,961,878
Savya Financial Center	**517,000,000**	–
Courtyard Hall	**364,713,343**	360,864,616
	₱13,175,632,447	₱11,273,784,260

Movements of this account follow:

	Note	**2023**	2022	2021
Balance at beginning of year, at cost		**₱4,238,512,850**	₱3,423,211,889	₱3,577,625,751
Transfers from real estate for sale	9	**939,186,494**	843,811,580	–
Reclassification		**108,006,348**	–	–
Development costs incurred		**15,505,405**	9,669,332	29,562,351
Disposal		**(13,910,406)**	–	–
Transfers to real estate for sale	9	**–**	(40,637,085)	(186,463,663)
Capitalized borrowing costs	13	**–**	2,457,134	2,487,450
Balance at end of year, at cost		**5,287,300,691**	4,238,512,850	3,423,211,889
Cumulative gain on change in fair value		**7,879,588,682**	7,025,171,115	5,589,281,209
		13,166,889,373	11,263,683,965	9,012,493,098
Unamortized initial direct leasing costs		**8,743,074**	10,100,295	13,935,221
Balance at end of year, at fair value		**₱13,175,632,447**	₱11,273,784,260	₱9,026,428,319

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

	2023	2022	2021
Balance at beginning of year	**₱7,025,171,115**	₱5,589,281,209	₱4,717,017,509
Net gain on change in fair value	**974,092,333**	1,435,889,906	872,263,700
Reclassification	**(108,006,348)**	–	–
Fair value gain of sold investment properties	**(11,668,418)**	–	–
Balance at end of year	**₱7,879,588,682**	₱7,025,171,115	₱5,589,281,209

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

	2023	2022
Balance at beginning of year	**₱10,100,295**	₱13,935,221
Amortization	**(1,357,221)**	(3,834,926)
Balance at end of year	**₱8,743,074**	₱10,100,295

ACPT

The carrying amount of ACPT includes office units and parking slots for lease. ACPT is used as collateral for loans payable amounting to ₱1,094.7 million and ₱1,420.4 million as at December 31, 2023 and 2022, respectively (see Note 13).

Cebu Exchange

The carrying amount of Cebu Exchange includes office units and parking slots for lease. In 2023 and 2022, CLLC transferred portion of investment properties amounting to ₱453.8 million and ₱843.8 million, respectively, from “Real estate for sale” account to “Investment properties” account due to change of intention in the use of the property as approved by the BOD (see Note 9). The Company also sold investment properties resulting to a gain on sale amounting to ₱1.2 million in 2023 (see Note 20).

Arya Residences

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

Land

UPHI’s raw land, with fair value amounting to ₱829.4 million as at December 31, 2023 and 2022, respectively, has a total area of 33 hectares and are located at Barangay Gonzalo Bontog, Calamba City and Barangay Calabuso, Tagaytay City. Portion of the UPHI’s raw land was the subject of an 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. However, UPHI intends to amicably settle with the National Transmission Commission (NTC, 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 the NTC could allow the UPHI to recoup the cost of the property.

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 ₱217.0 million as at December 31, 2023 and 2022, respectively.

In 2022 and 2021, Cazneau transferred portion of its asset under construction amounting to ₱40.6 million and ₱186.5 million, respectively, from "Investment properties" account to "Real estate for sale" account due to change of intention in the use of the properties as approved by the BOD (see Note 9).

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

Courtyard Hall
Cazneau's Courtyard Hall used for leasing operations was recognized at fair value amounting to ₱360.9 million as at December 31, 2023 and 2022. The land attributable to Cazneau's retail spaces and Courtyard Hall with a carrying amount of ₱581.0 million as at December 31, 2023 was used as collateral for a long-term loan facility of Cazneau with an outstanding balance of ₱921.3 million as at December 31, 2023 (see Note 13).

In 2023, Cazneau reclassified portion of cumulative fair value gain to cost of investment properties as a result of management's annual reassessment of the fair valuation of the properties. Since the reassessment only resulted to reclassification adjustments, this did not result to any change in the fair value of investment properties as at December 31, 2023 and 2022 nor did it affect net income for the years ended December 31, 2023, 2022 and 2021.

Leasing Operations
The Group recognized revenue from leasing operations amounting to ₱366.3 million in 2023, ₱308.4 million in 2022 and ₱325.5 million in 2021 (see Note 22) and incurred direct cost of leasing amounting to ₱143.3 million in 2023 , ₱118.7 million in 2022 and ₱107.1 million in 2021.

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 in its report as at December 31, 2023, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

			Range	
Class of Property	Valuation Technique	Significant Inputs	**2023**	2022
ACPT	Discounted cash flow (DCF) approach	Discount rate	**8.97%**	9.07%
		Rental rate for an office unit per sqm	**₱1,800**	₱1,717
		Rental rate per parking slot	**₱8,250**	₱8,025
		Calculated no. of net leasable area (sqm)	**18,059**	18,059
		Vacancy rate	**–**	5%
		Income tax rate	**25%**	25%
Cebu Exchange:				
Retail units	DCF approach	Rental rate per sqm	**₱1,323**	₱1,200
		Rent escalation rate per annum (p.a.)	**5%**	5%
		Discount rate	**8.97%**	8.37%
		Vacancy rate	**50%**	50%
		Income tax rate	**25%**	25%
Office units	DCF approach	Rental rate per sqm	**₱772**	₱700
		Rent escalation rate per annum (p.a.)	**5%**	5%
		Discount rate	**8.97%**	8.37%
		Vacancy rate	**25%**	50%
		Income tax rate	**25%**	25%
Parking slots	DCF approach	Rental rate per sqm	**₱5,250**	₱3,000
		Rent escalation rate per annum (p.a.)	**5%**	5%
		Discount rate	**8.97%**	8.37%
		Vacancy rate	**50%**	50%
		Income tax rate	**25%**	25%
Arya Residences:				
Retail units	DCF approach	Rental rate per sqm	**₱3,400**	₱3,350
		Rent escalation rate per annum (p.a.)	**7%**	7%
		Discount rate	**8.97%**	9.07%
		Vacancy rate	**5%**	5%
		Income tax rate	**25%**	25%
Parking slots	DCF approach	Rental rate per slot	**₱8,000**	₱7,900
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**8.97%**	9.07%
		Vacancy rate	**10%**	10%
		Income tax rate	**25%**	25%
Land:				
UPHI's Laguna and Tagaytay properties	Market data approach	Price per sqm	**₱2,500**	₱2,500
		Value adjustments	**5% - 10%**	5% - 10%
Cazneau's Laguna properties	Market data approach	Price per sqm	**₱70,000**	₱70,000
		Value adjustments	**5% - 10%**	5% - 10%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sqm	**₱2,000**	₱2,000
		Value adjustments	**-30% - 5%**	-25% - 10%
Savya Financial Center				
Retail units	DCF approach	Rental rate per sqm	**₱800**	₱–
		Rent escalation rate per annum (p.a.)	**0% - 5%**	–
		Discount rate	**9.30%**	–
		Vacancy rate	**–**	–
		Income tax rate	**25%**	–
Parking slots	DCF approach	Rental rate per slot	**₱5,000**	–
		Rent escalation rate p.a.	**0% - 5%**	–
		Discount rate	**9.30%**	–
		Vacancy rate	**–**	–
		Income tax rate	**25%**	–
Cazneau's Courtyard Hall	Depreciated replacement cost method	Estimated replacement cost	**₱147,352,000**	₱143,117,000
		Remaining economic life	**33 years**	34 years

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

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

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

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

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

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

The inputs to fair valuation are as follows:

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

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

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

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

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

	2022		
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year	₱1,635,060,492	₱7,391,367,827	₱9,026,428,319
Net gain on change in fair value	239,846,835	1,196,043,071	1,435,889,906
Net transfers from real estate for sale	(40,637,085)	843,811,580	803,174,495
Construction costs incurred	11,680,050	446,416	12,126,466
Initial direct leasing costs	–	(3,834,926)	(3,834,926)
Balance at end of year	₱1,845,950,292	₱9,427,833,968	₱11,273,784,260

There are no transfers between the levels of fair value hierarchy in 2023, 2022 and 2021.

11. Property and Equipment

The balances and movements of this account consist of:

	2023					
	Building and Building Improvements	**Transportation Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
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**	**104,338,351**	**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)**
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**

	2022					
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
Balance at beginning of year	₱246,302,891	₱85,240,790	₱68,877,590	₱24,861,413	₱78,500	₱425,361,184
Additions	–	32,908,114	20,396,991	52,313,554	–	105,618,659
Disposals	–	(22,438,116)	–	–	–	(22,438,116)
Transfers	–	–	(40,887,697)	18,195,071	–	(22,692,626)
Balance at end of year	246,302,891	95,710,788	48,386,884	95,370,038	78,500	485,849,101
Accumulated Depreciation and Amortization						
Balance at beginning of year	35,771,010	42,483,571	54,370,174	19,444,563	78,500	152,147,818
Depreciation and amortization	4,914,333	19,329,891	8,720,433	10,953,595	–	43,918,252
Disposals	–	(17,891,586)	–	–	–	(17,891,586)
Transfers	–	–	(26,265,386)	–	–	(26,265,386)
Balance at end of year	40,685,343	43,921,876	36,825,221	30,398,158	78,500	151,909,098
Carrying Amount	₱205,617,548	₱51,788,912	₱11,561,663	₱64,971,880	₱–	₱333,940,003

In 2022, Bhavya transferred assets under construction pertaining to cost of model unit from "Real estate for sale" account to "Property and equipment" account aggregating ₱18.2 million because of the change in the intended use of the property as approved by the BOD (see Note 9).

Also, in 2022, the Parent Company reclassified its software and licenses with carrying amount of ₱14.6 million from "Property and equipment" to "Software and licenses" account under "Other assets" in the consolidated statements of financial position.

As at December 31, 2023 and 2022, fully depreciated property and equipment amounting to ₱81.3 million and ₱35.3 million, respectively, are still being used by the Company.

The Parent Company sold property and equipment with carrying amount of ₱4.2 million in 2023, ₱4.5 million in 2022 and ₱5.8 million in 2021, which resulted to gain (loss) on disposal of (₱857,717) in 2023, ₱369,071 in 2022 and (₱545,561) in 2021 (see Note 20).

Depreciation and amortization expense were charged to:

	Note	**2023**	2022	2021
Operating expenses	18	**₱62,614,519**	₱43,445,740	₱31,605,519
Cost of services		**137,608**	472,512	1,760,602
		₱62,752,127	₱43,918,252	₱33,366,121

12. **Other Assets**

This account consists of:

	2023	2022
CWT	**₱694,539,965**	₱564,485,238
Input VAT	**326,399,657**	636,714,373
Advances for project development	**264,675,320**	338,189,625
Amounts held in escrow	**221,594,852**	185,727,421
Deposits	**93,566,878**	93,309,077
Amounts held in trust	**36,752,025**	58,415,285
Prepaid:		
Taxes	**117,147,010**	27,366,609
Commissions	**67,031,285**	39,277,600
Insurance	**3,858,035**	3,325,762
Others	**3,261,084**	10,474,528
Deferred input VAT	**43,986,281**	39,111,784
Software and licenses	**32,274,175**	27,045,949
Materials and supplies	**1,341,909**	1,341,909
	₱1,906,428,476	₱2,024,785,160

Advances for project development pertain to downpayments 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. Details of amounts held in escrow, which is equivalent to a quarterly principal and interest amortization is as follows (see Note 13):

	2023	2022
ALCO’s OLSA	**₱128,154,209**	₱128,177,336
Bhavya’s OLSA	**54,295,257**	20,224,690
Bhavana’s loan	**21,087,265**	20,237,264
Cazneau’s OLSA	**18,058,121**	17,088,131
	₱221,594,852	₱185,727,421

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

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.

Prepaid commissions pertain to the commission costs incurred to obtain contracts with customer. Amortization of commissions amounted to ₱39.3 million in 2023 and ₱77.8 million in 2022.

The carrying amount of software and licenses amounted to ₱32.3 million and ₱27.0 million as at December 31, 2023 and 2022, respectively. Amortization of software and licenses recorded as part of “Depreciation and amortization” account in the consolidated statements of comprehensive income amounted to ₱2.7 million in 2023 and ₱0.6 million in 2022 (see Note 18).

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

Advances for asset purchase pertain to advance payments made to a seller of land which was subsequently acquired by the Group and classified as raw land in 2022 amounting to ₱209.4 million (see Note 9).

13. Loans Payable

This account consists of outstanding loans with:

	2023	2022
Local banks	**₱11,133,593,226**	₱11,708,430,709
Private funders	**53,223,970**	55,723,970
	₱11,186,817,196	₱11,764,154,679

Movements of this account follow:

	2023	2022
Balance at beginning of year	**₱11,807,202,186**	₱13,481,886,962
Availments	**6,962,723,916**	7,152,362,410
Payments	**(7,552,224,045)**	(8,827,047,186)
Balance at end of year	**11,217,702,057**	11,807,202,186
Unamortized debt issue cost	**(30,884,861)**	(43,047,507)
	11,186,817,196	11,764,154,679
Less current portion of loans payable	**5,246,912,260**	5,361,980,186
Long term portion of loans payable	**₱5,939,904,936**	₱6,402,174,493

Movements in debt issue cost are as follows:

	2023	2022
Balance at beginning of year	**₱43,047,507**	₱45,169,493
Additions	**4,925,394**	15,056,574
Amortization	**(17,088,040)**	(17,178,560)
Balance at end of year	**₱30,884,861**	₱43,047,507

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

	2023	2022
Within one year	**₱5,471,788,859**	₱5,555,006,410
After one year but not more than three years	**5,477,499,378**	1,200,973,776
More than three years	**268,413,820**	5,051,222,000
	₱11,217,702,057	₱11,807,202,186

Local Bank Loans

These are loans from local banks which are interest-bearing and secured loans obtained to finance the Group's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 5.50% to 9.10% in 2023, and 4.50% to 7.50 % p.a. in 2022 and 2021.

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

Purpose	Terms and Security	Effective interest rate (p.a.)	2023	2022
Short-term loans for working fund requirements	Unsecured and payable in full within one year	6.75% to 8.50%	**₱1,907,500,000**	₱2,300,000,000
Short-term loans for construction of Cebu Exchange	Unsecured and payable in full within one (1) year	8.50%	**1,381,000,000**	1,480,800,000
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT building with carrying amount of ₱6,493.6 million and ₱6,182.8 million as at December 31, 2023 and 2022, respectively (see Note 10), and an escrow account amounting to ₱128.2 million as at December 31, 2023 and 2022 (see Note 12)	5.50%	**1,094,737,497**	1,420,396,130
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	**996,672,989**	991,234,308
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 December 31, 2023 and 2022 (see Note 9), and an escrow account amounting to ₱21.1 million and ₱20.2 million as at December 31, 2023 and 2022, respectively (see Note 12)	6.17% to 8.78%	**925,375,927**	924,208,963
Construction of Sevina Park	Payable on a quarterly basis starting November 2023 until August 2026; secured by raw land with carrying amount of ₱386.2 million as at December 31, 2023 and 2022 (see Note 9), and an escrow account amounting to ₱18.1 million and ₱17.1 million as at December 31, 2023 and 2022, respectively (see Note 12)	6.25% to 8.49%	**921,282,129**	983,413,024
Construction of Eluria	Payable on January 5, 2027	6.37% to 9.10%	**889,381,190**	700,370,977
Short-term loan for working fund requirement of Savya	Unsecured and payable in full within one year	7.50% to 8.50%	**709,475,244**	–
Credit facility agreement for financing of receivables from buyers of units and parking slots in Savya Financial Center	Payable in full in 2024 and 2025; secured by receivables and contract assets from buyer of units and parking slots in Savya Financial Center with carrying amount of ₱618.5 million as at December 31, 2023	6.50% to 8.25%	**620,514,316**	613,843,820
Long-term loans for working fund requirements	Payable on May 22, 2026	7.53%	**437,500,000**	–
Short-term loans for working fund requirements	Payable on November 25, 2024	6.00%	**374,538,096**	496,250,000
Short-term loan of Lucima	Payable on September 16, 2024	7.16% to 7.50%	**363,863,454**	99,267,354
Short-term loan of Eluria	Payable on October 18, 2024	7.50%	**247,500,000**	–
Credit facility agreement for financing of receivables from buyers of units in Cazneau	Payable in full within one year	7.00%	**218,002,497**	–
Long-term loan of Lucima	Payable on March 25, 2025	7.16%	**46,249,887**	–
Construction of Savya Financial Center	Payable on a quarterly basis within three years from the date of initial drawdown until August 29, 2023; secured by unregistered real estate mortgage over raw land of SLDC with carrying amount of ₱1,434.8 million as at December 31, 2022	4.75%	**–**	891,672,357
Credit facility agreement for financing of receivables from buyers of units and parking slots in Cebu Exchange	Payable in full in 2023; secured by receivables and contract assets from buyer of units and parking slots in Cebu Exchange with carrying amount of ₱3.5 billion as at December 31, 2022	6.75% to 8.00%	**–**	806,973,776
			₱11,133,593,226	₱11,708,430,709

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 the following financial ratios based on its separate financial statements:

- Debt service coverage ratio (DSCR) of not more than 1.20x starting 2020 which is one year after the completion of ACPT

- Debt to equity ratio of:

Period	Debt to Equity Ratio
2015	2.00x
2016 to 2018	1.75x
2019 to 2025	1.50x

In 2020, the local bank amended the financial covenants of the OLSA, removing the DSCR requirement and changing it to be current ratio of at least 1.50x and a debt to equity ratio of not more than 2.00x based on the consolidated financial statements of the Group. As of December 31, 2023 and 2022, ALCO has current ratio of 2.3x and 2.4x, respectively, and debt to equity ratio of 1.4x and 1.5, respectively, based on its consolidated financial statements, which is compliant with the amended financial covenants.

Acquisition of land and construction of Savya Financial Center
In 2021, SLDC entered into a 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 (see Note 9). SLDC is required to maintain a current ratio of at least 1.5x and a debt to equity ratio not exceeding 2.0x. The loan was fully settled in 2023.

Construction of Cebu Exchange
In 2017, CLLC entered into an OLSA for a credit line of ₱2,350.0 million with a local bank, to partially finance the development and construction of Cebu Exchange. Loan proceeds were received in several drawdowns within a period of three years after initial drawdown. The outstanding loan balance is secured by Cebu Exchange property and pledge of shares of ALCO and a non-controlling interest in CLLC (see Note 9). The loan was fully settled in 2022.

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 1.6x, respectively, which are compliant with the requirements of the term loan.

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 ratio, 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.

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

The debt to equity ratio, current ratio and project debt to equity ratio of Bhavya 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.

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's 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 was 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. For the years ended December 31, 2023, 2022 and 2021, the Group was fully compliant with these debt covenants.

Private Funders
Outstanding balances of the loans from private funders amounting to ₱53.2 million and ₱55.7 million as at December 31, 2023 and 2022, respectively, have interest rates of 4.13% p.a. to 5.30% p.a. in 2023 and 3.50% p.a. to 4.13% p.a. in 2022, and are unsecured and are for working capital requirements of the Group.

Capitalized Borrowing Costs
Borrowing costs capitalized are as follows:

	Note	**2023**	2022	2021
Loans payable		**₱66,326,656**	₱66,322,461	₱478,859,663
Bonds payable	14	**–**	80,580,793	73,390,131
		₱66,326,656	₱146,903,254	₱552,249,794

The above is distributed as follows:

	Note	**2023**	2022	2021
Real estate for sale	9	**₱66,326,656**	₱144,446,120	₱549,762,344
Investment properties	10	**–**	2,457,134	2,487,450
		₱66,326,656	₱146,903,254	₱552,249,794

The capitalization rates used to determine general borrowing costs eligible for capitalization ranges from 3.00% to 7.50% in 2023, 2022 and 2021.

Interest Expense

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

	Note	**2023**	2022	2021
Interest expense on:				
Loans payable and advances from non-controlling interests		**₱550,390,848**	₱399,341,397	₱158,599,452
Bonds payable	14	**465,794,610**	98,531,070	116,638,811
		₱1,016,185,458	₱497,872,467	₱275,238,263

14. Bonds Payable

As at December 31, 2023 and 2022, this account consists of:

	2023	2022
Bonds payable	**₱6,000,000,000**	₱6,000,000,000
Unamortized debt issue cost	**(58,477,587)**	(74,228,852)
	₱5,941,522,413	₱5,925,771,148

Movement in debt issue cost in 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of year	**₱74,228,852**	₱33,405,821
Additions	**–**	48,963,860
Amortization	**(15,751,265)**	(8,140,829)
Balance at end of year	**₱58,477,587**	₱74,228,852

In October 2019, the 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:

(a) Debt-to-Equity Ratio of not more than 2:1; and

(b) Current Ratio of not less than 1.5:1.

For the avoidance of doubt, any relevant Indebtedness to be incurred to refinance, in the same currency or its equivalent amount, an existing relevant Indebtedness outstanding on the Issue Date or any testing date, shall not be counted for purposes of computing additional relevant Indebtedness provided that such relevant Indebtedness outstanding on the Issue Date or the relevant testing date is settled within ninety (90) calendar days from incurrence of such additional relevant Indebtedness.

In the determination of any particular amount of Indebtedness in connection with these financial covenants, guarantees, security interests or obligations with respect to letters of credit supporting the relevant Indebtedness otherwise included in the determination of such particular amount shall not be included.

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 December 31, 2023 and 2022, the Group is compliant with these financial ratios.
Capitalized borrowing costs and interest expense incurred on the Bonds amounted to nil and ₱465.8 million, respectively, in 2023. Capitalized borrowing costs and interest expense incurred on the Bonds amounted to ₱80.6 million and ₱98.5 million, respectively, in 2022 (see Note 13).

15. **Accounts Payable and Other Liabilities**

This account consists of:

	Note	2023	2022
Accounts payable:			
Third parties		**₱247,494,311**	₱317,446,631
Related party	24	**3,349,798**	10,068,355
Accrued:			
Construction costs		**641,526,880**	385,603,143
Interest		**280,805,743**	259,794,914
Personnel costs		**39,014,439**	156,430,810
Others		**170,377,249**	24,117,038
Deferred output VAT		**850,087,182**	769,967,164
Retention payable		**604,158,754**	635,086,197
Payable to customers		**395,652,973**	347,405,421
Security deposits	22	**109,163,602**	127,791,142
Advance rent	22	**66,048,657**	79,069,176
Withholding taxes payable		**39,510,742**	41,075,896
Construction bonds		**39,082,585**	22,020,484
Dividend payable		**5,686,177**	187,093,749
Income tax payable		**–**	838,178
Others		**129,102,022**	18,390,005
		₱3,621,061,114	₱3,382,198,303

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

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

Deferred output VAT pertains to VAT from sales of property on installments and receivables from leasing operations. If the payments in the year of sale do not exceed 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. These are recorded at face amount.

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

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

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

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

16. Equity

The details of the Parent Company's number of common and preferred shares as at December 31, 2023, 2022 and 2021 are as follows:

	Preferred	Common
Authorized	**50,000,000**	**16,368,095,199**
Par value per share	**₱1.00**	**₱0.18**
Issued	**48,500,000**	**5,318,095,199**
Outstanding	**28,500,000**	**5,318,095,199**

Preferred Shares

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

	2023		2022		2021	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at beginning of year	**48,500,000**	**₱48,500,000**	48,500,000	₱48,500,000	42,500,000	₱42,500,000
Issuance during the year	**–**	**–**	–	–	6,000,000	6,000,000
Balance at end of year	**48,500,000**	**48,500,000**	48,500,000	48,500,000	48,500,000	48,500,000
Treasury shares	**(20,000,000)**	**(20,000,000)**	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Parent Company's shares held by a subsidiary	**(12,500,000)**	**(12,500,000)**	(12,500,000)	(12,500,000)	(12,500,000)	(12,500,000)
Outstanding	**16,000,000**	**₱16,000,000**	16,000,000	₱16,000,000	16,000,000	₱16,000,000

On December 6, 2021, 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 date. Treasury stock 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. The application to amend the Parent Company's AOI is pending as at our report date.

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 December 31, 2023 and 2022, the Parent Company has issued and outstanding common shares of 5,318,095,199 at ₱0.18 par value equivalent to ₱957.3 million.

Common and Preferred Shares Listed with PSE

The details and movements of the common and preferred shares listed with PSE follows:

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

The Parent Company has 1,921 and 1,935 stockholders as at December 31, 2023 and 2022, respectively.

Dividend Declaration

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

Declaration Date	**Stockholders of Record Date**	**Payment Date**	**Share**	**Amount**	**Dividend per Share**
October 25, 2023	**November 29, 2023**	**December 27, 2023**	**Series C preferred shares**	**₱17,319,000**	**₱1.7319**
October 25, 2023	**November 13, 2023**	**December 4, 2023**	**Series D preferred shares**	**45,000,000**	**7.5000**
August 2, 2023	**September 4, 2023**	**September 28, 2023**	**Series C preferred shares**	**17,319,000**	**1.7319**
August 2, 2023	**August 16, 2023**	**September 4, 2023**	**Series D preferred shares**	**45,000,000**	**7.5000**
June 30, 2023	**July 17, 2023**	**August 10, 2023**	**Common Shares**	**63,817,142**	**0.012**
May 3, 2023	**June 1, 2023**	**June 27, 2023**	**Series C preferred shares**	**17,319,000**	**1.7319**
May 3, 2023	**May 17, 2023**	**June 5, 2023**	**Series D preferred shares**	**45,000,000**	**7.5000**
January 25, 2023	**March 1, 2023**	**March 27, 2023**	**Series C preferred shares**	**17,319,000**	**1.7319**
January 25, 2023	**February 8, 2023**	**March 3, 2023**	**Series D preferred shares**	**45,000,000**	**7.5000**
				₱313,093,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 26, 2022	December 5, 2022	December 27, 2022	Series C preferred shares	₱17,319,000	₱1.7319
October 26, 2022	November 14, 2022	December 3, 2022	Series D preferred shares	45,000,000	7.5000
August 5, 2022	September 1, 2022	September 27, 2022	Series C preferred shares	17,319,000	1.7319
August 5, 2022	August 19, 2022	September 3, 2022	Series D preferred shares	45,000,000	7.5000
June 24, 2022	July 11, 2022	August 4, 2022	Common shares	63,817,142	0.012
May 4, 2022	June 2, 2022	June 27, 2022	Series C preferred shares	17,319,000	1.7319
May 4, 2022	May 19, 2022	June 3, 2022	Series D preferred shares	45,000,000	7.5000
February 23, 2022	March 10, 2022	March 27, 2022	Series C preferred shares	17,319,000	1.7319
January 26, 2022	February 11, 2022	March 3, 2022	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 20, 2021	December 3, 2021	December 27, 2021	Series C preferred shares	₱17,319,000	₱1.730
October 20, 2021	November 16, 2021	December 6, 2021	Series B preferred shares	35,229,000	1.760
August 4, 2021	September 7, 2021	September 27, 2021	Series C preferred shares	17,319,000	1.730
August 4, 2021	August 20, 2021	September 6, 2021	Series B preferred shares	35,229,000	1.760
June 25, 2021	July 9, 2021	July 30, 2021	Common shares	63,817,142	0.012
May 5, 2021	June 7, 2021	June 27, 2021	Series C preferred shares	17,319,000	1.730
May 5, 2021	May 19, 2021	June 6, 2021	Series B preferred shares	35,229,000	1.760
January 27, 2021	March 8, 2021	March 27, 2021	Series C preferred shares	17,319,000	1.730
January 27, 2021	February 15, 2021	March 6, 2021	Series B preferred shares	35,229,000	1.760
				₱274,009,142	

Other Equity Reserves

This account consists of:

	Note	**2023**	2022	2021
Effect of changes in the Parent Company's ownership interest in subsidiaries		**₱169,002,018**	₱169,002,018	₱169,002,018
Cumulative remeasurement gains on net retirement asset or liability - net of tax	21	**40,402,986**	45,532,590	1,548,221
Stock options		**7,161,827**	7,161,827	7,080,164
		₱216,566,831	₱221,696,435	₱177,630,403

Movements of this account is as follows:

	Note	**2023**	2022	2021
Balance at beginning of year		**₱221,696,435**	₱177,630,403	₱230,363,146
Remeasurement gain (loss) on net retirement liability - net of tax and effect of CREATE Law in 2021	21	**(5,129,604)**	43,984,369	7,170,628
Stock options granted and fair value changes	18	**–**	81,663	594,611
Excess of acquisition cost over the non-controlling interest acquired in a subsidiary	4	**–**	–	(60,497,982)
Balance at end of year		**₱216,566,831**	₱221,696,435	₱177,630,403

Effect of Changes 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 4).

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 will 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 Corporation 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 which amounted to ₱7.2 million were estimated on the date of grant using the Black-Scholes Merton (BSM) Formula taking into the account the terms and conditions upon 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.

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

As at December 31, 2023 and 2022, none of the qualified employees have exercised their options. The Group's stock options have already expired as at December 31, 2023 and 2022.

Use of Proceeds

Series D Preferred Shares
The estimated gross proceeds from the offer of Series D preferred shares amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,966.7 million.

The following table shows the breakdown of the use of the proceeds which have been fully utilized as at December 31, 2023 and 2022:

Purpose	Actual Disbursements (amounts in millions)
Redemption of Series B Preferred Shares	₱2,000.0
Savya Financial Center and Cebu Exchange Projects	966.7
Total	₱2,966.7

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 December 31, 2023	Balance for Disbursement as at December 31, 2023
Development of various projects	₱2,550.0	₱2,550.0	₱–	₱2,550.0
Repayments of loans that financed the construction and development of ACPT	450.0	399.0	225.0	174.0
Total	₱3,000.0	₱2,949.0	₱225.0	₱2,724.0

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 1

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

Green Bonds - Tranche 2

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 Group's revenues are as follows:

	Note	**2023**	2022	2021
Real estate sales of:				
Savya Financial Center		**₱2,392,608,813**	₱435,347,696	₱975,128,529
Lucima Residences		**1,512,300,615**	917,746,872	–
Cebu Exchange		**986,256,059**	520,354,368	1,354,517,333
Sevina Park		**794,498,165**	722,540,902	299,297,701
Eluria		**565,910,408**	–	–
		6,251,574,060	2,595,989,838	2,628,943,563
Leasing revenue	22	**366,299,089**	308,367,000	325,500,935
Property management fees		**21,050,433**	18,334,356	17,754,758
		₱6,638,923,582	₱2,922,691,194	₱2,972,199,256

Revenue recognized over time amounted to ₱6,164.8 million in 2023, ₱2,444.0 million in 2022 and ₱2,972.2 million in 2021. Revenue recognized at a point in time consisting of lots sold amounted to ₱474.1 million in 2023, ₱478.7 million in 2022 and nil in 2021. Real estate sales recognized using the POC method amounted to ₱5,777.5 million in 2023, ₱2,117.3 million in 2022 and ₱2,628.9 million in 2021.

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

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

18. **Operating Expenses**

Operating expenses are classified as follows:

	2023	2022	2021
Administrative	**₱821,439,823**	₱616,716,251	₱438,756,665
Selling and marketing	**529,115,673**	255,280,513	299,702,134
	₱1,350,555,496	₱871,996,764	₱738,458,799

Details of operating expenses by nature are as follows:

	Note	**2023**	2022	2021
Personnel costs		**₱276,523,524**	₱243,066,638	₱202,731,197
Advertising		**265,716,476**	169,818,432	163,666,488
Commissions		**263,399,197**	85,462,081	136,035,646
Taxes and licenses		**174,634,585**	108,814,035	35,991,672
Communication and office expenses		**111,166,961**	61,225,843	38,445,777
Depreciation and amortization	11	**62,614,519**	43,445,740	31,605,519
Transportation and travel		**60,516,180**	38,230,621	18,742,075
Management and professional fees		**42,641,046**	54,585,146	62,353,498
Utilities		**36,331,964**	10,713,419	2,423,146
Insurance		**24,912,851**	20,840,024	18,531,639
Repairs and maintenance		**10,565,940**	11,361,198	4,797,950
Rent	22	**6,133,894**	3,601,857	2,313,138
Representation		**1,280,730**	1,204,856	3,503,647
Write-off of receivables from non-affiliated entity		**–**	8,699,911	11,559,066
Others		**14,117,629**	10,926,963	5,758,341
		₱1,350,555,496	₱871,996,764	₱738,458,799

Personnel costs consist of:

	Note	**2023**	2022	2021
Salaries and other employee benefits		**₱258,855,447**	₱216,296,070	₱174,978,147
Retirement expense	21	**17,668,077**	26,688,905	27,158,439
Stock options granted and fair value changes	16	**–**	81,663	594,611
		₱276,523,524	₱243,066,638	₱202,731,197

19. **Finance Costs**

This account consists of:

	Note	**2023**	2022	2021
Interest expense	13	**₱1,016,185,458**	₱497,872,467	₱275,238,263
Bank charges		**4,164,974**	2,799,997	2,590,682
		₱1,020,350,432	₱500,672,464	₱277,828,945

20. **Other Income** - Net

This account consists of:

	Note	**2023**	2022	2021
Interest income	6	**₱293,392,563**	₱28,605,128	₱3,537,246
Gain on repossession	9	**96,979,144**	5,398,638	–
Realized gain on disposals of financial assets at FVPL	7	**73,157,830**	30,063,000	23,603,206
Foreign exchange gains		**4,437,686**	8,540,438	368,205
Gain on sale of investment properties	10	**1,198,576**	–	–
Unrealized holding gains (losses) on financial assets at FVPL	7	**858,794**	2,215,632	(6,258,905)
Gain (loss) on disposal of property and equipment	11	**(857,717)**	369,071	(545,561)
Others		**52,086,597**	(7,140,013)	6,942,915
		₱521,253,473	₱68,051,894	₱27,647,106

21. **Net Retirement Liability (Asset)**

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 following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income for the year ended December 31, 2023 (based on the report of an independent actuary dated January 12, 2024).

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

	2023	2022	2021
Current service cost	**₱19,830,224**	₱23,235,167	₱22,933,142
Net interest cost	**(2,162,147)**	3,453,738	4,225,297
	₱17,668,077	₱26,688,905	₱27,158,439

Net retirement asset and net retirement liability presented in the consolidated statements of financial position as at December 31, 2023 and 2022 are as follows:

	2023	2022
Net retirement liability	**₱5,145,894**	₱2,545,060
Net retirement asset	**(14,151,768)**	(36,058,483)
	(₱9,005,874)	(₱33,513,423)

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

	2023	2022	2021
Balance at beginning of year	**(₱33,513,423)**	₱118,443,498	₱101,496,418
Current service cost	**19,830,224**	23,235,167	22,933,142
Net interest cost	**(2,162,147)**	3,453,738	4,225,297
Contributions to retirement plan assets	**–**	(120,000,000)	–
Remeasurement losses (gains) on:			
Change in financial assumptions	**14,700,839**	(29,691,134)	(2,314,401)
Experience adjustments	**(6,955,820)**	(35,951,491)	(9,133,789)
Return on plan assets	**2,626,156**	2,899,106	1,296,104
Change in demographic assumptions	**–**	–	(59,273)
Effect of asset ceiling	**(3,531,703)**	4,097,693	–
Balance at end of year	**(₱9,005,874)**	(₱33,513,423)	₱118,443,498

The funded status and amounts recognized in the consolidated statements of financial position for the net retirement liability (asset) as at December 31, 2023 and 2022 are as follows:

	2023	2022
Present value of retirement liability	**₱133,813,065**	₱105,737,174
Fair value of plan assets	**(143,680,782)**	(143,348,290)
	(9,867,717)	(37,611,116)
Effect of asset ceiling	**861,843**	4,097,693
	(₱9,005,874)	(₱33,513,423)

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

As of December 31, 2023 and 2022, the plan is overfunded by ₱9.9 million and ₱37.6 million based on the latest actuarial valuation.

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

	2023	2022	2021
Balance at beginning of year	**₱105,737,174**	₱158,888,009	₱152,389,179
Current service cost	**19,830,224**	23,235,167	22,933,142
Interest cost	**7,634,224**	8,087,128	6,019,373
Benefits paid from plan assets	**(7,133,576)**	(18,830,505)	(10,946,222)
Remeasurement losses (gains) on:			
Change in financial assumptions	**14,700,839**	(29,691,134)	(2,314,401)
Experience adjustments	**(6,955,820)**	(35,951,491)	(9,133,789)
Change in demographic assumptions	**–**	–	(59,273)
Balance at end of year	**₱133,813,065**	₱105,737,174	₱158,888,009

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

	2023	2022	2021
Balance at beginning of year	**₱143,348,290**	₱40,444,511	₱50,892,761
Interest income	**10,092,224**	4,633,390	1,794,076
Benefits paid from plan assets	**(7,133,576)**	(18,830,505)	(10,946,222)
Remeasurement loss on return on plan assets	**(2,626,156)**	(2,899,106)	(1,296,104)
Contribution to retirement plan assets	**–**	120,000,000	–
Balance at end of year	**₱143,680,782**	₱143,348,290	₱40,444,511

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

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

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

	2022		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱2,179,350	₱631,129	₱1,548,221
Remeasurement gain	58,645,826	14,661,457	43,984,369
Balance at end of year	₱60,825,176	₱15,292,586	₱45,532,590

	2021		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	(₱8,032,009)	(₱2,409,602)	(₱5,622,407)
Remeasurement gain	10,211,359	2,639,131	7,572,228
Effect of changes in tax rates due to CREATE Law	–	401,600	(401,600)
Balance at end of year	₱2,179,350	₱631,129	₱1,548,221

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

	2023	2022
Discount rate	**6.09% - 6.12%**	7.22%
Salary projection rate	**6.00%**	6.00%
Average remaining service years	**21.4 to 31.5**	20.0 to 33.1

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2023 and 2022 are presented below.

		Effect on Present Value of Retirement Liability	
	Change in Assumption	Discount Rate	Salary Projection Rate
December 31, 2023	**+1%**	**(₱12,061,291)**	**₱14,194,547**
	-1%	**14,327,368**	**(12,176,204)**
December 31, 2022	+1%	(₱9,922,241)	₱11,790,003
	-1%	11,763,643	(10,114,747)

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

Financial Year	Amount
2024	₱33,737,380
2025	882,987
2026-2030	18,305,527
2031-2034	104,457,796

The weighted average duration of the retirement benefit obligation as at December 31, 2023 and 2022 are 10.3 years to 25.2 years and 10.5 years to 25.3 years, respectively.

22. Commitments

Operating Lease Commitments - Group as Lessor

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

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

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

Leasing revenue recognized from these operating leases amounted to ₱366.3 million in 2023, ₱308.4 million in 2022 and ₱325.5 million in 2021 (see Note 17). Lease receivables amounted to ₱170.4 million and ₱123.9 million as at December 31, 2023 and 2022, respectively (see Note 8). Accrued rent receivable amounted to ₱39.4 million and ₱46.9 million as at December 31, 2023 and 2022, respectively (see Note 8). Advance rent from tenants amounted to ₱66.0 million and ₱79.1 million as at December 31, 2023 and 2022, respectively. Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱109.2 million and ₱127.8 million as at December 31, 2023 and 2022, respectively (see Note 15).

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

	2023	2022
Within one year	**₱186,081,037**	₱215,610,156
After one year but not more than five years	**274,949,803**	261,900,555
More than five years	**–**	6,545,550
	₱461,030,840	₱484,056,261

Operating Lease Commitment - Group as Lessee

The Parent Company is a lessee under non-cancellable operating leases. For short-term and low value leases, rent expense recognized amounted to ₱6.1 million in 2023, ₱3.6 million in 2022 and ₱2.3 million in 2021 (see Note 18).

23. Income Taxes

The components of income tax expense are as follows:

	Note	**2023**	2022	2021
Reported in Profit or Loss				
Current:				
RCIT		**₱180,158,033**	₱157,618,212	₱50,194,798
Final taxes		**72,764,819**	11,670,436	4,916,752
MCIT		**21,550,545**	7,117,905	6,848,361
Gross income tax (GIT)		**5,487,544**	5,120,220	5,191,339
		279,960,941	181,526,773	67,151,250
Deferred		**169,705,162**	195,310,865	(55,255,650)
		₱449,666,103	₱376,837,638	₱11,895,600
Reported in OCI				
Deferred tax related to remeasurement gains on net retirement asset or liability	21	**₱1,709,868**	(₱14,661,457)	(₱2,639,131)

Deferred Tax Assets and Deferred Tax Liabilities

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

	2023	2022
Deferred tax assets:		
NOLCO	**₱489,288,250**	₱325,083,921
Retirement liability	**31,162,343**	19,118,697
Advance rent	**13,972,895**	17,686,010
Excess MCIT over RCIT	**10,758,826**	3,517,773
Excess of commission expense over commissions paid	**8,172,757**	–
Allowance for impairment losses	**436,698**	528,771
Unrealized foreign exchange loss	**10,367**	4,111
	553,802,136	365,939,283
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment properties	**1,965,361,360**	1,758,663,966
Excess of financial over taxable gross profit	**586,111,764**	457,850,213
Depreciation of investment properties	**52,373,261**	42,365,389
Actuarial gain or loss	**13,979,394**	–
Transfer of fair value to property and equipment	**10,108,826**	10,333,467
Accrued rent receivable	**9,340,072**	9,326,793
Capitalized debt issue costs	**7,806,996**	7,979,526
Unrealized foreign exchange gain	**1,577,690**	2,230,079
Gain on repossession of real estate for sale	**–**	1,327,338
	2,646,659,363	2,290,076,771
Net deferred tax liabilities	**₱2,092,857,227**	₱1,924,137,488

As at December 31, 2023 and 2022, the Group did not recognize deferred tax assets relating to the following:

	2023	2022
Excess MCIT over RCIT	**₱5,324,366**	₱13,890,029
NOLCO	**–**	11,520,581
	₱5,324,366	₱25,410,610

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

NOLCO and Excess MCIT over RCIT

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

NOLCO

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2023	₱–	₱844,756,975	₱–	₱–	₱844,756,975	2026
2022	551,063,214	–	76,771,499	–	474,291,715	2025
2021	439,172,305	–	237,391,501	–	201,780,804	2026
2020	441,070,429	–	15,966,229	–	425,104,200	2025
	₱1,431,305,948	₱844,756,975	₱330,129,229	₱–	₱1,945,933,694	

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4 (bbbb) of Republic Act No. 11494 (Bayanihan Act to Recover as One Act), allowing the Group's net operating losses for taxable years 2020 and 2021 to be carried over for the next five consecutive taxable years immediately following the year of such loss.

Excess MCIT over RCIT

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2023	₱–	₱7,031,690	₱–	₱–	₱7,031,690	2026
2022	7,117,905	–	341,505	–	6,776,400	2025
2021	5,606,289	–	1,377,300	–	4,228,989	2024
2020	7,507,979	–	–	7,507,979	–	2023
	₱20,232,173	₱7,031,690	₱1,718,805	₱7,507,979	₱18,037,079	

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

	2023	2022	2021
Income tax computed at statutory tax rate	**₱606,220,259**	₱321,601,048	₱331,646,283
Add (deduct) tax effect of:			
Dividend income from subsidiaries	**(132,500,000)**	–	–
Income subject to GIT	**(24,637,139)**	(22,981,242)	(23,504,522)
Nondeductible expenses and nontaxable income	**19,648,403**	7,924,811	4,483,199
Interest income subjected to final tax	**(14,963,627)**	(1,428,899)	(491,564)
Change in unrecognized deferred tax assets	**(10,767,904)**	14,858,740	6,986,414
Taxable rent	**10,262,838**		
Realized gain on disposals of financial assets at FVPL subjected to final tax	**(4,107,194)**	(1,510,820)	(1,535,568)
Loss on property and equipment	**395,233**	–	–
Unrealized holding loss (gains) on financial assets at FVPL	**115,234**	(604,950)	1,536,300
Expired NOLCO	**–**	49,716,484	1,147,774
Expired MCIT	**–**	5,606,716	187,580
Applied MCIT	**–**	3,635,334	–
Stock issuance costs	**–**	20,416	(7,399,841)
Effect of CREATE Law	**–**	–	(301,160,455)
	₱449,666,103	₱376,837,638	₱11,895,600

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

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and

- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

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

<u>Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Law</u>
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 of the Parent Company and its subsidiaries 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.

24. Related Party Transactions

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

	Nature of Relationship	Note	Nature of Transaction	Amount of Transactions		Outstanding Balance	
				2023	2022	**2023**	2022
Due from Related Parties		8					
Centrobless	Entity under common management		Advances for working capital	**₱1,306,800**	(₱636,087)	**₱1,306,800**	₱–
CPG	Principal stockholder		Share purchase agreement	**–**	–	**36,052,873**	36,052,873
SOPI	Entity under common management		Advances for working capital	**39,442**	39,442	**5,722,499**	5,683,057
						₱43,082,172	₱41,735,930
Accounts Payable							
CPG	Principal stockholder	15	Management fee	**₱3,349,798**	₱13,369,869	**₱3,349,798**	₱10,068,355

Share Purchase Agreement

The Parent Company has an outstanding receivable from CPG amounting to ₱36.1 million as at December 31, 2023 and 2022 arising from a share purchase agreement between the Parent Company, CPG and AOCH1. Under the claw-back provision of the share purchase agreement, the Parent Company warrants the final resolution acceptable to CPG and its counsel with respect to the pending complaint involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the 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 or a portion thereof plus interest earned in which the claw-back amount 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 December 31, 2023 and 2022.

Management Fee

Management fee is 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:

	2023	2022	2021
Salaries and other employee benefits	**₱127,231,751**	₱106,570,170	₱82,773,183
Retirement expense	**16,366,953**	26,688,905	27,158,439
	₱143,598,704	₱133,259,075	₱109,931,622

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 ₱143.7 million and ₱143.3 million as at December 31, 2023 and 2022, respectively (see Note 21).

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. The details of the contributions of the Parent Company and benefits paid out by the plan are presented in Note 21.

25. Reconciliation of Liabilities Arising from Financing Activities

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

		Financing Cash Flows		**Noncash Transactions**	
	January 1, 2023	**Availments/ Declaration**	**Payments**	**Movement in Debt Issue Cost**	**December 31, 2023**
Loans payable	**₱11,764,154,679**	**₱6,962,723,916**	**(₱7,552,224,045)**	**₱12,162,646**	**₱11,186,817,196**
Bonds payable	**5,925,771,148**	**–**	**–**	**15,751,265**	**5,941,522,413**
Advances from non-controlling interests	**1,102,119,597**	**–**	**–**	**–**	**1,102,119,597**
Dividends payable	**187,093,749**	**577,093,142**	**(758,500,714)**	**–**	**5,686,177**
	₱18,979,139,173	**₱7,539,817,058**	**(₱8,310,724,759)**	**₱27,913,911**	**₱18,236,145,383**

		Financing Cash Flows		Noncash Transactions	
	January 1, 2022	Availments/ Declaration	Payments	Movement in Debt Issue Cost	December 31, 2022
Loans payable	₱13,436,717,469	₱7,152,362,410	(₱8,827,047,186)	₱2,121,986	₱11,764,154,679
Bonds payable	2,966,594,179	3,000,000,000	(48,963,860)	8,140,829	5,925,771,148
Advances from non-controlling interests	1,102,119,597	–	–	–	1,102,119,597
Dividends payable	6,515,393	513,093,142	(332,514,786)	–	187,093,749
	₱17,511,946,638	₱10,665,455,552	(₱9,208,525,832)	₱10,262,815	₱18,979,139,173

26. **Earnings Per Share**

Basic and diluted earnings per share are computed as follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent Company	**₱948,309,181**	₱821,081,648	₱899,510,260
Less share of Series C and D preferred shares in 2023 and 2022 and Series B and C preferred shares in 2021	**(249,276,000)**	(249,276,000)	(210,192,000)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	**₱699,033,181**	₱571,805,648	₱689,318,260
Weighted average number of outstanding common shares for basic EPS	**5,318,095,199**	5,318,095,199	5,318,095,199
Add dilutive shares arising from stock options	**–**	–	55,400,000
Adjusted weighted average number of common shares for diluted EPS	**5,318,095,199**	5,318,095,199	5,373,495,199
Basic EPS	**₱0.1314**	₱0.1075	₱0.1296
Diluted EPS	**₱0.1314**	₱0.1075	₱0.1283

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

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

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

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

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

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

Trade Receivables and Contract Assets
Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Group. Also, customers are required to deposit postdated checks to the Group covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at December 31, 2023 and 2022, 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 and amounts held in escrow. The Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

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

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

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

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

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

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

Assets that are credit-impaired are separately presented.

	2023				
	Financial Assets at Amortized Cost				
	12-Month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Financial Assets at FVPL**	**Total**
Cash and cash equivalents*	**₱5,605,111,553**	**₱–**	**₱–**	**₱–**	**₱5,605,111,553**
Financial assets at FVPL	**–**	**–**	**–**	**877,853,288**	**877,853,288**
Receivables**	**–**	**2,171,903,314**	**1,746,790**	**–**	**2,173,650,104**
Contract assets	**–**	**5,608,780,240**	**–**	**–**	**5,608,780,240**
Deposits	**93,566,878**	**–**	**–**	**–**	**93,566,878**
Amounts held in escrow	**221,594,852**	**–**	**–**	**–**	**221,594,852**
Amounts held in trust	**36,752,025**	**–**	**–**	**–**	**36,752,025**
	₱5,957,025,308	**₱7,780,683,554**	**₱1,746,790**	**₱877,853,288**	**₱14,617,308,940**

**Excludes cash on hand amounting to ₱185,000.*
***Excludes accrued rent receivable under straight-line basis of accounting aggregating ₱39.4 million as at December 31, 2023.*

	2022				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	₱4,796,118,662	₱–	₱–	₱–	₱4,796,118,662
Financial assets at FVPL	–	–	–	2,246,039,822	2,246,039,822
Receivables**	–	2,333,150,925	1,746,790	–	2,334,897,715
Contract assets	–	3,920,367,468	–	–	3,920,367,468
Deposits	93,309,077	–	–	–	93,309,077
Amounts held in escrow	185,727,421	–	–	–	185,727,421
Amounts held in trust	58,415,285	–	–	–	58,415,285
	₱5,133,570,445	₱6,253,518,393	₱1,746,790	₱2,246,039,822	₱13,634,875,450

**Excludes cash on hand amounting to ₱175,000.*
***Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱46.9 million as at December 31, 2022.*

Liquidity Risk

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

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at December 31, 2023 and 2022:

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

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

	2022					
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱–	₱5,555,006,410	₱1,200,973,776	₱–	₱5,051,222,000	₱11,807,202,186
Bonds payable	–	–	–	3,000,000,000	3,000,000,000	6,000,000,000
Accounts payable and other liabilities*	635,086,197	1,508,756,271	–	–	–	2,143,842,468
Advances from non-controlling interest	1,102,119,597	–	–	–	–	1,102,119,597
	₱1,737,205,794	₱7,063,762,681	₱1,200,973,776	₱3,000,000,000	₱8,051,222,000	₱21,053,164,251

**Excludes payable to customers, advance rent and statutory liabilities aggregating to ₱1,238.4 million as at December 31, 2022.*

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

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

Interest Rate Risk

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

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

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

Capital Management

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

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

	2023	2022
Total liabilities	**₱24,147,874,105**	₱24,332,396,159
Total equity	**13,116,171,785**	12,060,310,930
Debt-to-equity ratio	**1.84:1.00**	2.02:1.00

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

Financial Ratios

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

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

28. **Fair Value Measurement**

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

			2023		
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value:					
Financial assets at FVPL	7	**₱877,853,288**	**₱877,853,288**	**₱–**	**₱–**
Investment properties	10	**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	12	**93,566,878**	**–**	**–**	**93,566,878**
		₱14,147,052,613	**₱877,853,288**	**₱1,856,644,669**	**₱11,412,554,656**
Liability for which fair value is disclosed -					
Loans payable	13	**₱11,186,817,196**	**₱–**	**₱–**	**₱11,186,817,196**
Bonds payable	14	**5,941,522,413**	**–**	**–**	**5,941,522,413**
		₱17,128,339,609	**₱–**	**₱–**	**₱17,128,339,609**

			2022		
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	₱2,246,039,822	₱2,246,039,822	₱–	₱–
Investment properties	10	11,273,784,260	–	1,845,950,292	9,427,833,968
Asset for which fair value is disclosed -					
Financial assets at amortized cost - Deposits	12	93,309,077	–	–	93,309,077
		₱13,613,133,159	₱2,246,039,822	₱1,845,950,292	₱9,521,143,045
Liability for which fair value is disclosed -					
Loans payable	13	₱11,764,154,679	₱–	₱–	₱11,764,154,679
Bonds payable	14	5,925,771,148	–	–	5,925,771,148
		₱17,689,925,827	₱–	₱–	₱17,689,925,827

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

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

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

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

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at December 31, 2023 and 2022:

	2023	2022
Financial assets:		
Cash and cash equivalents	**₱5,605,296,553**	₱4,796,293,662
Receivables*	**2,171,903,314**	2,333,150,925
Contract assets	**5,608,780,240**	3,920,367,468
Amounts held in escrow	**221,594,852**	185,727,421
Amounts held in trust	**36,752,025**	58,415,285
	₱13,644,326,984	₱11,293,954,761
Financial liabilities:		
Accounts payable and other liabilities**	**₱2,269,761,560**	₱2,143,842,468
Advances from non-controlling interests	**1,102,119,597**	1,102,119,597
	₱3,371,881,157	₱3,245,962,065

**Excludes accrued rent receivable under straight-line basis of accounting aggregating ₱39.4 million and ₱46.9 million as at December 31, 2023 and 2022, respectively.*
***Excludes payable to customers, advance rent and statutory liabilities aggregating ₱1,351.3 million and ₱1,238.4 million as at December 31, 2023 and 2022, respectively.*

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

29. Classification of Consolidated Statements of Financial Position Accounts

The Group's current portions of its assets and liabilities as at December 31, 2023 and 2022 are as follows:

	Note	**2023**	2022
Current Assets			
Cash and cash equivalents	6	**₱5,605,296,553**	₱4,796,293,662
Financial assets at FVPL	7	**877,853,288**	2,246,039,822
Receivables	8	**2,211,302,746**	2,380,054,645
Contract assets	5	**5,608,780,240**	3,920,367,468
Real estate for sale	9	**7,548,831,703**	9,381,383,586
Other assets*	12	**1,768,875,317**	1,836,051,933
		₱23,620,939,847	₱24,560,191,116

**Excludes non-current portion of deposits and deferred input VAT amounting to ₱137.6 million and ₱188.7 million as at December 31, 2023 and 2022, respectively.*

	Note	2023	2022
Current Liabilities			
Current portion of loans payable**	13	**₱5,246,912,260**	₱5,361,980,186
Accounts payable and other liabilities	15	**3,621,061,114**	3,382,198,303
Contract liabilities	5	**198,350,664**	231,469,884
Advances from non-controlling interests	4	**1,102,119,597**	1,102,119,597
		₱10,168,443,635	₱10,077,767,970

***Excludes long term portion of loans payable aggregating to ₱5,939.9 million and ₱6,402.2 million as at December 31, 2023 and 2022, respectively.*

30. Operating Segment Information

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

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

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

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

	2023					
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱6,251,574,060	₱366,299,089	₱228,620,468	₱–	(₱207,570,035)	₱6,638,923,582
Segment expenses	(3,684,000,551)	(143,250,409)	(137,397,407)	(1,424,254,541)	113,633,739	(5,275,269,169)
Segment profit	2,567,573,509	223,048,680	91,223,061	(1,424,254,541)	(93,936,296)	1,363,654,413
Net gain on change in fair value of investment properties	–	974,092,333	–	–	–	974,092,333
Finance costs	(208,516,416)	–	–	(1,020,350,432)	208,516,416	(1,020,350,432)
Other income - net	–	–	–	521,253,473	–	521,253,473
Income before income tax	2,312,346,258	1,197,141,012	91,223,086	(1,923,351,498)	161,290,951	1,838,649,787
Provision for income tax						(449,666,103)
Net income						1,388,983,684
Other comprehensive loss						(5,129,604)
Total comprehensive income						₱1,383,854,080
Assets	₱8,017,297,137	₱13,168,863,171	₱101,378,769	₱25,311,040,703	(₱9,334,533,890)	₱37,264,045,890
Liabilities	(₱4,498,162,517)	(₱1,750,203,148)	₱–	(₱25,713,337,186)	₱7,813,828,746	(₱24,147,874,105)

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

31. **Events After Reporting Period**

Declaration of Cash Dividends

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 C Preferred Shares	January 31, 2024	March 1, 2024	March 27, 2024	₱17,319,000	₱1.7319
Series D Preferred Shares	January 31, 2024	February 5, 2024	March 4, 2024	45,000,000	7.5000

The dividends shall be taken out of the unrestricted earnings of the Parent Company as at December 31, 2023.

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

Amendments to the Articles of Incorporation

During a special stockholders' meeting held on January 31, 2024, the stockholders approved the proposal to amend Article Seventh of the Articles of Incorporation by increasing the Parent Company's 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.

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 Preferred Shares Series B that had been redeemed in December 2021 from the holders thereof. The approval granted on June 24, 2022 has not been revoked and remains valid, and the stockholders confirmed and ratified the said approval.

Issuance of Preferred Shares Series E

On January 31, 2024, the BOD approved the issuance of 14.0 million cumulative, non-voting, non-participating, non-convertible Peso-denominated Preferred Shares Series E at an offer price of ₱1.0 per share, where 1.5 million preferred shares will be issued from the authorized capital stock of the Parent Company and 12.5 million preferred shares will be coming from the increase of 50.0 million preferred shares as approved by the stockholders.

The BOD also approved the subscription by MPI to the Preferred Shares Series E equivalent to 14.0 million at the price of ₱1.0 per share.

Reallocation of Use of Proceeds of Green Bonds

On February 21, 2024, the BOD approved the reallocation of the use of proceeds of the Bonds effective March 22, 2024 (see Note 16).

Parent Company's Subscription to Preferred Shares of a Subsidiary

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

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Arthaland Corporation (the Company) and Subsidiaries as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 included in this Form 17-A and have issued our report thereon dated March 20, 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedules required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration
- Schedule of Use of Proceeds
- Conglomerate Map

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

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 20, 2024
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF REVISED SRC RULE 68
DECEMBER 31, 2023

Table of Contents

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Consolidated Statements of Financial Position	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial assets at FVPL for which the amounts are not more than two percent (2%) of total assets	₱877,853,288	₱877,853,288	₱877,853,288	₱858,794

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023

			Deductions		Ending Balance		
Name and designation of debtor	**Balance at beginning of year**	**Additions**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of year**
Due from Related Parties -							
CPG Holdings, Inc.	₱36,052,873	₱–	₱–	₱–	₱–	₱–	₱36,052,873
Signature Office Property, Inc.	5,683,057	39,442	–	–	–	–	5,722,499
Centrobless	–	1,306,800	–	–	–	–	1,306,800
	₱41,735,930	₱1,346,242	₱–	₱–	₱0	₱–	₱43,082,172

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

			Deductions		Ending Balance		
Name and designation of debtor	**Balance at beginning of year**	**Additions**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of year**
Advances to subsidiaries:							
Cebu Lavana Land Corp.	**₱3,336,778,117**	₱18,582	₱–	₱–	₱–	₱–	**₱3,336,796,699**
Cazneau, Inc.	**742,317,243**	43,516,759	–	–	–	–	**785,834,002**
Zileya Land Development, Inc.	**432,138,939**	2,046	–	–	–	–	**432,140,985**
Bhavana Properties Inc.	**331,800,000**	–	–	–	–	–	**331,800,000**
Bhavya Properties Inc.	**314,408,714**	–	–	–	–	–	**314,408,714**
Kashtha Holdings Inc.	**296,760,701**	6,826	–	–	–	–	**296,767,527**
Urban Property Holdings, Inc. (net of allowance for impairment amounting to ₱3,261,249)	**85,366,273**	72,300,905	–	–	–	–	**157,667,178**
Manchesterland Properties, Inc.	**5,857,429**	364,074	–	–	–	–	**6,221,503**
Arthaland Property Prestige Solutions, Inc.	**2,966,916**	280,437	–	–	–	–	**3,247,353**
Pradhana Land Inc.	**819,159**	925	–	–	–	–	**820,084**
	₱5,549,213,491	₱116,490,554	₱–	₱–	₱–	₱–	**₱5,665,704,045**
Advances from subsidiaries:							
Manchesterland Properties, Inc.	**₱284,632,299**	₱–	₱–	₱–	₱–	₱–	**₱284,632,299**
Cazneau, Inc.	**665,926**	–	(11,715)	–	–	–	**654,211**
Cebu Lavana Land Corp.	**466,419**	82,281	–	–	–	–	**548,700**
Savya Land Development Corporation	**61,109**	–	–	–	–	–	**61,109**
	₱285,825,753	₱82,281	(₱11,715)	₱–	₱–	₱–	**₱285,896,319**

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long-Term Debt" in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Bank Loans:						
Bank 1	₱500,000,000	₱495,173,740	₱–	8.25%	At end of term	January 29, 2024
Bank 2	2,000,000,000	–	1,094,737,497	5.50%	Quarterly	July 8, 2025
Bank 3	350,000,000	350,000,000	–	7.63% - 7.75%	At end of term	March 28, 2024 and July 29, 2024
Bank 4	400,000,000	89,175,853	254,167,221	6.50% - 7.00%	At end of term	May 3, 2024 to January 27, 2025
Bank 5	1,000,000,000	–	996,672,989	6.35%	At end of term	February 6, 2025
Bank 6	1,200,000,000	300,000,000	–	7.25% - 7.50%	At end of term	March 31, 2024 to December 12, 2024
Bank 7	1,860,000,000	–	1,814,757,117	6.17% - 9.10%	Quarterly	November 27, 2026 and January 5, 2027
Bank 8	500,000,000	297,136,096	–	7.25% - 7.50%	At end of term	February 2, 2024 to April 18, 2024
Bank 9	200,000,000	99,260,479	–	7.50%	At end of term	May 24, 2024 to October 18, 2024
Bank 10	400,000,000	400,000,000	–	6.75%	At end of term	June 26, 2024
Bank 11	1,000,000,000	–	812,038,096	7.52%	Quarterly	November 25, 2024 and May 22, 2026
Bank 12	1,000,000,000	–	921,282,128	6.25% - 8.49%	Quarterly	August 10, 2026
Bank 13	500,000,000	437,500,000	–	8.25%	At end of term	March 28, 2024 and April 5, 2024
Bank 14	100,000,000	100,000,000	–	8.50%	At end of term	June 11, 2024
Bank 15	1,986,000,000	1,986,000,000	–	8.50%	At end of term	February 12, 2024 to March 25, 2024
Bank 16	1,950,000,000	575,578,668	–	8.00% - 8.50%	At end of term	January 18, 2024 to June 25, 2024
Bank 17	1,200,000,000	63,863,454	46,249,888	7.16%	At end of term	September 1, 2024 to March 25, 2025
Various loans from private funders	53,223,970	53,223,970	–	4.13% - 5.30%	Renewable on maturity	January 18, 2024 to June 11, 2024
	₱16,199,223,970	₱5,246,912,260	₱5,939,904,936			

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

				Number of shares held by		
Title of Issue	**Number of shares authorized**	**Number of shares issued and outstanding as shown under the related balance sheet caption**	**Number of shares reserved for options, warrants, conversion and other rights**	**Related parties**	**Directors, officers and employees**	**Others**
Common shares - ₱0.18 par value per share	16,368,095,199	5,318,095,199	–	3,650,954,906	76,715,159	1,590,425,134
Preferred shares - ₱1.00 par value per share	50,000,000	28,500,000	–	12,500,000	–	16,000,000

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

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

		Amount
Retained earnings available for dividend declaration as at the beginning of reporting period		₱325,566,363
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Cash dividends		(313,093,142)
Retained earnings available for dividend declaration, as adjusted		12,473,221
Add: Net income for the current year	412,561,575	
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period - net of tax		
Gain on change in fair value of investment properties	(230,364,662)	
Add: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period - net of tax		
Realized holding gain on financial assets at FVPL	1,325,368	
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period		
Unrealized holding gain loss on financial assets at FVPL	1,741,646	
Adjusted net income		185,263,927
Retained earnings available for dividend declaration as at the end of reporting period		**₱197,737,148**

ARTHALAND CORPORATION

SCHEDULE OF USE OF PROCEEDS
DECEMBER 31, 2023

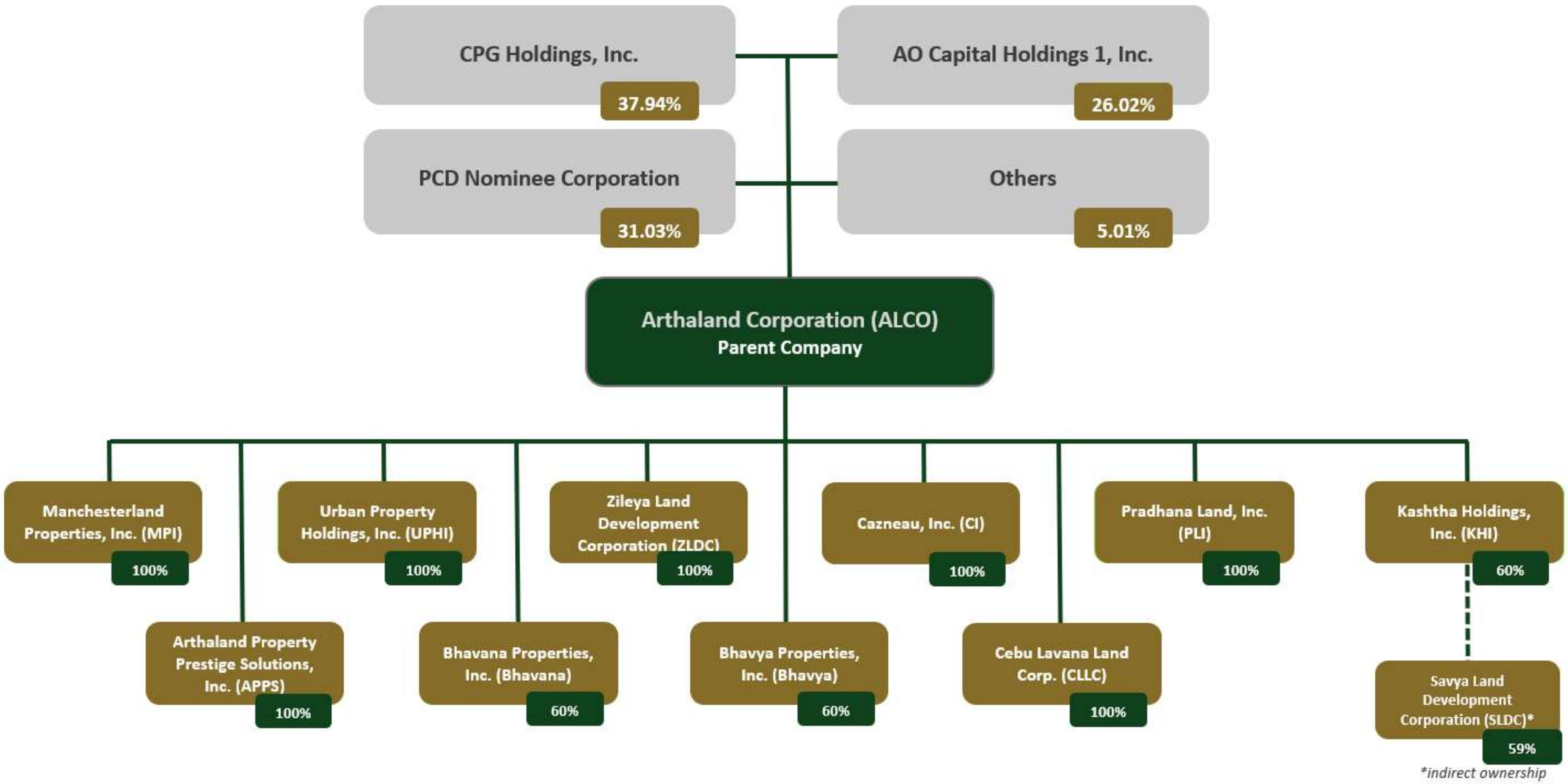
Green Bonds – Second Tranche

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 December 31, 2023	Balance for Disbursement as at December 31, 2023
Development of various projects	₱2,550.0	₱2,550.0	₱–	₱2,550.0
Repayments of loans that financed the construction and development of ACPT	450.0	399.0	225.0	174.0
Total	₱3,000.0	₱2,949.0	₱225.0	₱2,724.0

CONGLOMERATE MAP



REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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INDEPENDENT AUDITORS' REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Arthaland Corporation (the Company) and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 20, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years ended December 31, 2023, 2022 and 2021 and no material exceptions were noted.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-012-2023
Valid until January 24, 2026
PTR No. 10072412
Issued January 2, 2024, Makati City

March 20, 2024
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

FINANCIAL RATIOS

DECEMBER 31, 2023

Below is a schedule showing financial soundness indicators in the years 2023, 2022 and 2021.

	2023	2022	2021
Current/Liquidity Ratio	**2.32**	2.44	1.81
Current assets	**₱23,620,939,847**	₱24,560,191,116	₱24,984,461,968
Divided by: Current liabilities	**10,168,443,635**	10,077,767,970	13,800,116,957
Acid Test Ratio	**0.86**	0.93	0.57
Quick assets (Cash and cash equivalents, financial assets at FVPL and receivables)	**8,694,452,587**	9,422,388,129	7,891,271,626
Divided by: Current liabilities	**10,168,443,635**	10,077,767,970	13,800,116,957
Solvency Ratio	**0.06**	0.04	0.05
Net income before depreciation	**1,451,735,811**	916,755,372	1,148,449,235
Divided by: Total liabilities	**24,147,874,105**	24,332,396,159	23,619,149,934
Debt-to-Equity Ratio	**1.84**	2.02	2.14
Total liabilities	**24,147,874,105**	24,332,396,159	23,619,149,934
Divided by: Total equity	**13,116,171,785**	12,060,310,930	11,052,136,913
Debt-to-Equity Ratio for Loan Covenant	**1.39**	1.56	1.65
Total Debt (Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest)	**18,230,459,206**	18,792,045,424	18,255,431,245
Total Equity	**13,116,171,785**	12,060,310,930	11,052,136,913
Asset-to-Equity Ratio	**2.84**	3.02	3.14
Total assets	**37,264,045,890**	36,392,707,089	34,671,286,847
Divided by: Total equity	**13,116,171,785**	12,060,310,930	11,052,136,913
Interest Rate Coverage Ratio	**2.81**	3.51	5.09
Pretax income before interest	**2,854,835,245**	1,747,774,822	1,402,216,977
Divided by: Interest expense	**1,016,185,458**	497,872,467	275,238,263
Return on Assets Ratio	**0.04**	0.02	0.03
Net income	**1,388,983,684**	873,064,717	1,115,083,114
Divided by: Total assets	**37,264,045,890**	36,392,707,089	34,671,286,847
Return on Equity Ratio	**0.11**	0.07	0.10
Net income	**1,388,983,684**	873,064,717	1,115,083,114
Divided by: Total equity	**13,116,171,785**	12,060,310,930	11,052,136,913

SEC FORM 17-Q (FIRST QUARTER 2024)

ARTHALAND CORPORATION
ANNUAL STOCKHOLDERS MEETING
28 JUNE 2024, FRIDAY, 9:00AM

COVER SHEET

AS94007160

SEC Registration Number

ARTHALAND CORPORATION AND SUBSIDIARIES

(Company's Full Name)

7F ARTHALAND CENTURY PACIFIC TOWER 5TH AVENUE CORNER 30TH STREET BONIFACIO GLOBAL CITY TAGUIG CITY

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

MARIVIC S. VICTORIA

(Contact Person)

(+632) 8403-6910

(Company Telephone Number)

1 2	3 1	17-Q	0 6	Last Fri
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

N.A.

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,918

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

Daisy D. Cruz

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Thursday, May 16, 2024 7:11 AM
To: Alyanna Jasmine D. Torio; Jay P. Borromeo; Daisy D. Cruz; jasminedtorio@gmail.com; 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: 0016823-2024
Date and Time: Thursday, May 16, 2024 07:11 AM Template Name: Quarterly Report Report Number: CR03408-2024

Best Regards,
PSE EDGE

526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638514114759918410%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjA
wMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=NNS21UllRAOFQidxaP8pmUDWJmy
7ny3w9DY9VG7Y2VQ%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

Daisy D. Cruz

From:	ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent:	Wednesday, May 15, 2024 4:22 PM
To:	Daisy D. Cruz
Subject:	Re: MSRD_Arthaland Corporation_SEC Form 17Q_15May2024

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

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsecexpress.ph%2F&data=05%7C02%7Cddcruz%40arthaland.com%7Cab6a40f71c784020687708dc74b811c8%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638513581141962875%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=4%2B6Y7uL3lktBpPyguMiGuGttpGqmw7TUic0gssklVGQ%3D&reserved=0. For further clarifications, please call (02) 8737-8888.

--- NOTICE TO COMPANIES ---

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

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%7Cab6a40f71c784020687708dc74b811c8%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638513581141971220%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=ZRUDAHrI2A2%2B4Mreej6EEljBKfEyBD0MJPvk6sBR3bk%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

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fefast.sec.gov.ph%2Fuser%2Flogin&data=05%7C02%7Cddcruz%40arthaland.com%7Cab6a40f71c784020687708dc74b811c8%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638513581141973870%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=aVQPv19bURSL6BwVbyNgFSPIeYUc9qrt2GY%2F9ACFQsg%3D&reserved=0 :

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%7Cab6a40f71c784020687708dc74b811c8%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638513581141976458%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=7fxSevnXZIrjS6GJk1cUmrAxu5Ok2%2Beemm9%2BVKXELDM%3D&reserved=0

For your information and guidance.

Thank you.

Daisy D. Cruz

From:	PDEx Disclosure <pdex.disclosure@pds.com.ph>
Sent:	Wednesday, May 15, 2024 4:36 PM
To:	Marivic S. Victoria
Cc:	Daisy D. Cruz; Ma. Eileen Belle G. Cruz; Margeline C. Hidalgo; Riva Khristine Maala
Subject:	Re: [EXTERNAL] Arthaland Disclosure | Quarterly Report (SEC Form 17-Q) March 31, 2024

To all concerned:

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: Wednesday, May 15, 2024 4:18 PM
To: PDEx Disclosure <pdex.disclosure@pds.com.ph>
Cc: Daisy D. Cruz <ddcruz@arthaland.com>; Ma. Eileen Belle G. Cruz <mebgcruz@arthaland.com>; Margeline C. Hidalgo <mchidalgo@arthaland.com>; Riva Khristine Maala <rvmaala@arthaland.com>
Subject: [EXTERNAL] Arthaland Disclosure | Quarterly Report (SEC Form 17-Q) March 31, 2024

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

Subject: Quarterly Report (SEC Form 17-Q) as of March 31, 2024

Ladies and Gentlemen:

Please find attached the subject disclosure made to the PSE 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
www.arthaland.com

T: (+632) 8403 6910
M: 09175949087
E: msvictoria@arthaland.com

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	**June 30**
(Fiscal year ending) (month & day)	(Annual Meeting)

SEC FORM 17 – Q QUARTERLY REPORT
(Form Type)

Amendment Designation (If applicable)

March 31, 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 *March 31, 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

Title of Each Class	Number of Shares Outstanding	Amount of Debt Outstanding
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 B	**20,000,000 (₽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 C and 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. GONZALEZ**
President

Signature and Title : **MARIVIC S. VICTORIA**
Chief Finance Officer

Date : May 08, 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 MARCH 31, 2024 AND DECEMBER 31, 2023

	Note	MARCH 31, 2024 (UNAUDITED)	DECEMBER 31, 2023 (AUDITED)
ASSETS			
Cash and cash equivalents	4	**₱5,663,252,222**	₱5,605,296,553
Financial assets at fair value through profit or loss (FVPL)	5	**874,825,387**	877,853,288
Receivables	6	**1,446,206,520**	2,211,302,746
Contract assets	7	**5,860,692,574**	5,608,780,240
Real estate for sale	8	**8,026,033,121**	7,548,831,703
Investment properties	9	**13,464,395,571**	13,175,632,447
Property and equipment	10	**311,679,759**	315,768,669
Net retirement asset	22	**10,060,029**	14,151,768
Other assets	11	**2,114,024,605**	1,906,428,476
		₱37,771,169,788	₱37,264,045,890
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and other liabilities	14	**₱3,898,485,950**	₱3,621,061,114
Loans payable	12	**12,251,697,364**	11,186,817,196
Bonds payable	13	**5,945,602,053**	5,941,522,413
Contract liabilities	7	**325,193,328**	198,350,664
Advances from non-controlling interests	15	**1,010,119,597**	1,102,119,597
Net retirement liability	22	**5,406,794**	5,145,894
Net deferred tax liabilities	23	**1,925,041,461**	2,092,857,227
Total Liabilities		**25,361,546,547**	24,147,874,105
Equity Attributable to Equity Holders of the Parent Company	16		
Capital stock		**1,007,257,136**	1,005,757,136
Additional paid-in capital		**5,973,360,513**	5,973,360,513
Treasury shares		**(2,000,000,000)**	(2,000,000,000)
Parent Company’s preferred shares held by a subsidiary - at cost		**(14,000,000)**	(12,500,000)
Retained earnings		**5,107,338,168**	5,547,760,292
Other equity reserves		**216,566,831**	216,566,831
		10,290,522,648	10,730,944,772
Non-controlling Interests	15	**2,119,100,593**	2,385,227,013
Total Equity		**12,409,623,241**	13,116,171,785
		₱37,771,169,788	₱37,264,045,890

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

	Note	**MARCH 31, 2024 (UNAUDITED)**	MARCH 31, 2023 (UNAUDITED)
REVENUES	17	**₱983,511,417**	₱835,428,569
COST AND EXPENSES	18	**615,301,235**	404,722,404
GROSS INCOME		**368,210,182**	430,706,165
OPERATING EXPENSES	19	**353,222,211**	223,607,659
INCOME FROM OPERATIONS		**14,987,971**	207,098,506
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES		**359,776,152**	235,078,510
FINANCE COSTS	20	**(361,897,418)**	(263,627,857)
OTHER INCOME – Net	21	**156,735,615**	24,546,849
INCOME BEFORE INCOME TAX		**169,602,320**	203,096,008
PROVISION FOR INCOME TAX	23	**46,448,595**	61,016,313
NET INCOME		**123,153,725**	142,079,695
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**₱123,153,725**	₱142,079,695
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**137,522,409**	₱136,071,835
Non-controlling interests		**(14,368,684)**	6,007,860
		₱123,153,725	₱142,079,695
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**137,522,409**	₱136,071,835
Non-controlling interests		**(14,368,684)**	6,007,860
		₱123,153,725	₱142,079,695
EARNINGS PER SHARE	26		
Basic		**₱0.0141**	₱0.0139
Diluted		**₱0.0140**	₱0.0137

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

	Note	**MARCH 31, 2024 (UNAUDITED)**	MARCH 31, 2023 (UNAUDITED)
CAPITAL STOCK	16		
Common - at ₱0.18 par value			
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		**1,500,000**	-
Balance at end of period		**50,000,000**	48,500,000
		1,007,257,136	1,005,757,136
ADDITIONAL PAID-IN CAPITAL	16		
Balance at beginning and end of period		**5,973,360,513**	5,973,360,513
TREASURY STOCK – SERIES B PREFERRED SHARES	16	**(2,000,000,000)**	(2,000,000,000)
PARENT COMPANY'S PREFERRED SHARES HELD BY A SUBSIDIARY - at cost	16	**(14,000,000)**	(12,500,000)
RETAINED EARNINGS	16		
Balance at beginning of period		**5,547,760,292**	4,912,544,253
Adjustment on change in accounting policies	2	**(515,625,533)**	-
Balance at beginning of period, as restated		**5,032,134,759**	4,912,544,253
Net income for the period		**137,522,409**	136,071,835
Dividends declared during the period		**(62,319,000)**	(62,319,000)
Balance at end of period		**5,107,338,168**	4,986,297,088
OTHER EQUITY RESERVES	16		
Balance at beginning and end of period		**216,566,831**	221,696,435
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**₱10,290,522,648**	₱10,174,611,172
NON-CONTROLLING INTERESTS	15		
Balance at beginning of period		**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		**30,000,000**	1,909,640,700
Share in net income (loss) during the period		**(14,368,684)**	6,007,860
Decrease in deposits for future stock subscription for the period		**-**	(1,750,922,074)
Dividends attributable to non-controlling interests		**(156,000,000)**	-
Balance at end of period		**2,119,100,593**	2,124,179,079
		₱12,409,623,241	₱12,298,790,251

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023

	Note	**MARCH 31, 2024 (UNAUDITED)**	MARCH 31, 2023 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱169,602,320**	₱203,096,008
Adjustments for:			
Gain on change in FV of investment properties	9	**(359,776,152)**	(235,078,510)
Interest expense	20	**360,836,340**	248,310,026
Interest income	21	**(78,350,656)**	(8,133,347)
Gain on sale of investment property	21	**(48,419,719)**	(1,198,576)
Realized holding gains	21	**(16,437,871)**	(15,582,962)
Depreciation and amortization	19	**16,416,378**	10,699,200
Retirement expense	22	**4,352,639**	7,260,900
Unrealized holding losses (gains)	21	**(3,023,829)**	2,355,408
Amortization of initial direct leasing costs		**1,419,062**	1,608,286
Loss (gain) on sale of property and equipment	21	**(1,131,351)**	1,155,355
Foreign exchange losses (gains)	21	**(583,231)**	467,294
Operating income before working capital changes		**44,903,930**	214,959,082
Decrease (Increase) in:			
Receivables		**765,096,226**	246,475,226
Contract assets		**(251,912,334)**	(179,032,580)
Real estate for sale		**(1,231,231,041)**	(3,332,391)
Other assets		**(180,951,375)**	(217,416,357)
Increase (decrease) in:			
Accounts payable and other liabilities		**257,773,040**	(395,552,128)
Contract liabilities		**126,842,664**	57,597,983
Net cash used in operations		**(469,478,890)**	(276,301,165)
Interest paid		**(350,448,330)**	(239,665,552)
Interest received	21	**78,350,656**	8,133,347
Income taxes paid		**(51,673,599)**	(37,015,077)
Net cash used in operating activities		**(793,250,163)**	(544,848,447)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of Investment properties		**45,476,319**	25,645,888
Proceeds from disposal of (additions to) Financial assets at FVPL – net		**22,489,601**	(215,845,844)
Additions to Property and equipment	10	**(11,196,117)**	(1,168,039)
Net cash generated from (used in) investing activities		**56,769,803**	(191,367,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net payments of (proceeds from) Loans payable		**1,058,571,798**	(40,233,000)
Sale of interest in a subsidiary and transfer of receivable		**30,000,000**	-
Payment of advances from subsidiary		**(92,000,000)**	-
Payment of dividends		**(202,719,000)**	(55,225,251)
Proceeds from deposits for future stock subscription from non-controlling interest		**-**	158,718,626
Net cash generated from financing activities		**793,852,798**	63,260,375
NET EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**583,231**	(467,294)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS		**57,955,669**	(673,423,361)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**5,605,296,553**	4,796,293,662
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**₱5,663,252,222**	₱4,122,870,301

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 C and 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 ASEAN Green Bonds (the Bonds) and the initial tranche of ₱2.0 billion, with an oversubscription option of ₱1.0 billion. Hence, the first tranche of the Bonds under the Company's ASEAN Green Bond Program had an aggregate principal amount of ₱3.0 billion and 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 made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series D preferred shares at ₱1.00 par value at the issuance price of ₱500 a 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 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.

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

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 2023	2022	2021
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%

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

Subsidiary	Place of Incorporation	Effective Percentage of Ownership		
		2023	2022	2021
Cebu Lavana Land Corp. (CLLC)	Philippines	**100%**	100%	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).

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.

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 the subscription to 450,000 preferred shares of Bhavya at the price of ₱100.00 per share, or a total of ₱45.0 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 100% renewable energy for the remaining operational energy demand of the project. The 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 that penned the One World Trade Center and Burj Khalifa in Dubai. ACPT secured the 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 certification achieved previously. In 2020 until to-date, ACPT was awarded with the WELL™ Health-Safety Rating 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 (Cebu Exchange), a 38-storey office building in Barangay Lahug, Cebu City. Its construction commenced in the second quarter of 2018. Completed in 2023, Cebu Exchange was awarded LEED Gold, EDGE Advanced, and BERDE 5-Star. The project was awarded WELL precertification by IWBI™ in 2020 and is on track for its EDGE Zero Carbon certification. Besides being designed to be a world-class workplace, Cebu Exchange is 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, ZLDC, together with the other party which acquired the remaining 52.6% of the total area of the condominium units are still working on getting the property partitioned to enable the Company to have 100% ownership of approximately 957 sqm of the current lot area. Once the partition is completed, 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 2024.

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 Tower (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 and the WELL precertification in 2021. 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. A pioneer residential project which will be 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 Residences. 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. It has a total area of 2,245 sqm and is expected to be developed into approximately 28,000 sqm of GFA and will offer 263 residential units. The project was awarded LEED Gold precertification in 2020 and is on-track to achieve BERDE, EDGE and WELL certifications. It is expected to be completed by the fourth quarter of 2024.

ALCO is also evaluating 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 2028 to manage the funding requirements over time. ALCO plans to develop the property over multiple phases from 2024 to 2033 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 2040. Completion will likewise be done in phases between 2029 to 2043.

Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements of the Group as at and for the three (3) months ended March 31, 2024 were approved and authorized for issue by the Board of Directors (BOD) on May 08, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim consolidated financial statements as of March 31, 2024 and December 31, 2023 and for the three months ended March 31, 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. 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 P641.4 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 three 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.

<u>Amended PFRS and PIC Issuances in Issue But Not Yet Effective or Adopted</u>
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 March 31, 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 March 31, 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 March 31, 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 March 31, 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:

Asset Type	Number of Years
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.

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 March 31, 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.

<u>Cost and Expenses Recognition</u>

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 March 31, 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:

	March 2024	December 2023
Cash on hand	**156,505**	185,000
Cash in bank	**794,237,197**	1,672,414,790
Cash equivalents	**4,868,858,520**	3,932,696,763
	5,663,252,222	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 ₽874.8 million and ₽877.9 million as at March 31, 2024 and December 31, 2023, respectively, represent units of participation in money market fund.

Financial assets at FVPL include unrealized gains amounting to ₽3.0 million and loss of ₽2.4 million for the three months ended March 31, 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 ₽16.4 million and ₽15.6 million for the three months ended March 31, 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:

	March 2024	December 2023
Trade receivables from:		
Sale of real estate	**596,517,687**	1,516,515,928
Leasing	**287,462,616**	170,407,706
Due from related parties	**65,826,071**	43,082,172
Interest receivable	**69,025,300**	68,050,847
Accrued rent receivables	**31,406,487**	39,399,432
Advances to employees	**18,741,451**	13,817,499
Other receivables	**378,973,698**	361,775,952
	1,447,953,310	2,213,049,536
Allowance for ECL	**(1,746,790)**	(1,746,790)
	1,446,206,520	2,211,302,746

The aging analysis of receivables are shown below:

		Past Due but Not Impaired				
	Neither Past Due nor Impaired	Within 6 months	7 months to 1 year	More than 1 year	Past due and impaired	**TOTAL**
Receivables	978,214,289	312,515,964	44,660,004	109,069,473	1,746,790	1,446,206,520

Trade receivables from sale of real estate pertain to receivables from sale of condominium units 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:

	March 2024	December 2023
Contract assets	**5,860,692,574**	5,608,780,240
Contract liabilities	**325,193,328**	198,350,664
Net contract assets	**5,535,499,246**	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 March 31, 2024 and December 31, 2023.

8. REAL ESTATE FOR SALE

This account consists of:

	March 2024	December 2023
Land	**4,660,186,309**	4,657,482,900
Assets under construction	**1,390,049,729**	1,610,620,833
Office units for sale	**1,975,797,083**	1,280,727,970
	8,026,033,121	7,548,831,703

Raw Land
Raw land pertains to parcels of land acquired by the Group for future development projects that are intended for sale.

Assets under Construction
Assets under construction consist of land and development costs of ongoing real estate projects of the Group. As at March 31, 2024, this account includes the land and development costs of Savya Financial Center, Sevina Park, 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 June 2022, the Board of Directors of CLLC, in line with management objective to increase the corporation's recurring income, approved to keep 8,059 sqm of Cebu Exchange office units with 72 appurtenant parking slots, 2,628 sqm of retail units and an additional of 36 non-appurtenant parking slots as leasing assets of CLLC. This was reclassified from "Real estate for sale" account to "Investment properties" account aggregating ₱843.8 million.

In June 2023, CLCC board approved the reclassification of additional office units with parking slots for lease to further increase CLLC'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.

In 2022, Cazneau transferred portion of its assets under construction from "Investment properties" account to "Real estate for sale" account aggregating ₱40.6 million because of the change in the intended use of the property as approved by the BOD.

In 2022, Bhavya transferred assets under construction pertaining to cost of model unit from "Real estate for sale" account to "Property and equipment" account aggregating ₱18.2 million because of the change in the intended use of the property as approved by the BOD.

The land of Lucima Residences with carrying amount of ₱794.5 million as at March 31, 2024 are used as security for the bank loan of Bhavana with outstanding balance of ₱910.7 million and ₱925.4 million as at March 31, 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 the completion of the property in 2023.

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 sell and cost to complete at the time of transfer and are held for sale in the ordinary course of business. Gain on repossession amounted to ₱30.0 million and nil in March 31, 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 March 31, 2024 and December 31, 2023.

9. INVESTMENT PROPERTIES

This account consists of:

	March 2024	December 2023
Arthaland Century Pacific Tower (ACPT)	**6,561,386,435**	6,493,588,314
Cebu Exchange	**2,759,001,474**	2,831,538,845
Arya Residences:		
Commercial units	**1,292,328,999**	1,292,328,999
Parking slots	**184,531,620**	184,531,620
Land:		
UPHI's Laguna and Tagaytay properties	**962,129,182**	829,421,708
Cazneau's retail lots	**501,017,740**	445,547,740
ALCO's Batangas and Tagaytay properties	**283,706,778**	216,961,878
Savya Financial Center	**517,000,000**	517,000,000
Courtyard Hall	**403,293,343**	364,713,343
	13,464,395,571	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 ₱995.7million and ₱1,094.7 million as at March 31, 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 ₱962.1 and ₱829.4 million as at March 31, 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. Portion of the UPHI's raw land was the subject of an expropriation proceedings filed by the National Transmission Commission (NTC, successor-in-interest of National Power Corporation) 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. The appeal remains pending with the CA.

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 and UPHI filed its appellee's brief defending the decision of the trial court. The case remains pending with the CA.

As at March 31, 2024, the case with NTC is still ongoing and yet to be resolved by the CA. The Company intends to amicably settle with the NTC, since the Company had already been deprived of effective use and enjoyment of the property. Management assessed that although the potential effect of this case on the Company's financial statements would not be significant, an amicable settlement with the NTC could allow the Company to recoup the cost of the expropriated portion of the property.

Raw land of the Parent Company has a total area of 10.3 hectares located in Batangas and Tagaytay with fair value aggregating to ₱283.7 and ₱217.0 million as at March 31, 2024 and December 31, 2023, respectively.

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 ₱391.9 and ₱360.9 million as at March 31, 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) in its report as at March 31, 2024, are classified under Levels 2 and 3 of the fair value hierarchy as follows:

Class of Property	Valuation Technique	Significant Inputs	March 2024	December 2023
ACPT	Discounted cash flow approach (DCF)	Rental rate for an office unit per square meter (sqm)	**₱1,840**	₱1,800
		Rental rate per parking slot	**₱8,587**	₱8,250
		Discount rate	**8.33%**	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)	**₱1,323**	₱1,323
		Rent escalation rate per annum (p.a.)	**5%**	5%
		Discount rate	**8.97%**	8.97%
		Vacancy rate	**50%**	50%
		Income tax rate	**25%**	25%
Office units	Discounted cash flow approach	Rental rate per sqm	**₱772**	₱772
		Rent escalation rate p.a.	**5%**	5%
		Discount rate	**8.97%**	8.97%
		Vacancy rate	**25%**	25%
		Income tax rate	**25%**	25%
Parking slots	Discounted cash flow approach	Rental rate per slot	**₱5,250**	₱5,250
		Rent escalation rate p.a.	**5%**	5%
		Discount rate	**8.97%**	8.97%
		Vacancy rate	**50%**	50%
		Income tax rate	**25%**	25%
Arya Residences:				
Commercial units	Discounted cash flow approach	Rental rate per sqm	**₱3,400**	₱3,400
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**8.97%**	8.97%
		Vacancy rate	**5%**	5%
		Income tax rate	**25%**	25%
Parking slots	Discounted cash flow approach	Rental rate per slot	**₱8,000**	₱8,000
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**8.97%**	8.97%
		Vacancy rate	**10%**	10%
		Income tax rate	**25%**	25%
Land:				
UPHI's Laguna and Tagaytay properties	Market data approach	Price per sqm	**₱2,900**	₱2,500
		Value adjustments	**5% - 10%**	5% - 10%
Cazneau's Laguna Properties	Market data approach	Price per sqm	**₱80,000**	₱70,000
		Value adjustments	**5% - 20%**	5% - 20%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sqm	**₱2,700**	₱2,000
		Value adjustments	**-30% -5%**	-30% -5%
Savya Financial Center				
Retail units	DCF approach	Rental rate per sqm	**₱800**	₱800
		Rent escalation rate p.a.	**0% -5%**	0% -5%
		Discount rate	**9.30%**	9.30%
		Vacancy rate	**-**	-
		Income tax rate	**25%**	25%
Parking slots	DCF approach	Rental rate per sqm	**₱5,000**	₱5,000
		Rent escalation rate p.a.	**0% -5%**	0% -5%
		Discount rate	**9.30%**	9.30%
		Vacancy rate	**-**	-

Class of Property	Valuation Technique	Significant Inputs	**March 2024**	December 2023
		Income tax rate	**25%**	25%
Courtyard Hall	Depreciated replacement	Estimated replacement cost	**₱152,071,000**	₱147,352,000
	Method	Remaining economic life	**33 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:

	March 2024						
	Building and Building Improvements	**Transportation Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Right of Use Asset**	**Total**
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**	**-**	**37,500**	**523,942**	**-**	**7,800,000**	**11,669,303**
Disposals	**-**	**(1,986,607)**	**-**	**-**	**-**	**-**	**(1,986,607)**
Reclassification	**-**	**-**	**(1,301,000)**	**-**	**-**	**-**	**(1,301,000)**
Balance at end of year	**256,707,392**	**90,784,898**	**55,983,928**	**103,158,740**	**78,500**	**7,800,000**	**514,513,458**
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	**1,136,943**	**4,858,552**	**2,364,661**	**6,749,521**	**-**	**187,223**	**15,296,900**
Disposals	**-**	**(1,986,607)**	**-**	**-**	**-**	**-**	**(1,986,607)**
Reclassification	**-**	**-**	**(839,687)**	**-**	**-**	**-**	**(839,687)**
Balance at end of year	**46,390,001**	**45,578,380**	**48,048,991**	**62,550,604**	**78,500**	**187,222**	**202,833,699**
Carrying Amount	**₱210,317,391**	**₱45,206,518**	**₱7,934,937**	**₱40,608,136**	**₱-**	**₱7,612,777**	**₱311,679,759**

	December 2023					
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
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:

	March 2024	December 2023
CWT	**₱721,184,720**	₱694,539,965
Input VAT	**347,476,895**	326,399,657
Advances for project development	**298,214,719**	264,675,320
Prepayments	**274,693,907**	191,297,414
Amounts held in trust and in escrow	**269,889,373**	258,346,877
Deposits	**125,175,645**	93,566,878
Deferred input VAT	**43,275,091**	43,986,281
Software and licenses	**33,868,477**	32,274,175
Materials and supplies	**1,341,909**	1,341,909
	₱2,114,024,606	₱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.

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.

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.

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 ₱33.9 million as at March 31, 2024. Amortization of software and licenses amounted to ₱1.1 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:

	March 2024	December 2023
Local banks	**₱12,198,473,394**	₱11,133,593,226
Private funders	**53,223,970**	53,223,970
	₱12,251,697,364	₱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 4.80% to 9.10% p.a. and 5.50% to 9.10% p.a. in March 31, 2024 and December 31, 2023, respectively.

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. As of March 31, 2024 and December 31, 2023, 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. ALCO Group has current ratio of 1.95x and 2.32x and debt to equity ratio of 1.55x and 1.39x, based on its consolidated financial statements as at March 31, 2024 and December 31, 2023, respectively, 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 (see Note 8). 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 1.6x, respectively, which are compliant with the requirements of the term loan. As at March 31, 2024, the Group 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 ratio, 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 March 31, 2024, the Group is compliant with these financial ratios.

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

The debt to equity ratio, current ratio and project debt to equity ratio of Bhavya 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 March 31, 2024, the Group 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. ALCO is also required to maintain debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x based on the audited consolidated financial statements. As at March 31, 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 March 31, 2024 and December 31, 2023, with interest rate of 4.13% p.a., are unsecured and are for working capital requirements of the Group.

13. BONDS PAYABLE

Details of this account is as follows:

	March 2024	December 2023
Bonds payable	**₱6,000,000,000**	6,000,000,000
Unamortized debt issue cost	**(54,397,947)**	(58,477,587)
	₱5,945,602,053	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.

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

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	March 2024	December 2023
Accounts payable	**249,621,902**	250,844,109
Accrued expenses	**1,183,705,389**	1,131,724,311
Deferred output VAT	**966,487,940**	850,087,182
Retention payable	**587,495,287**	604,158,754
Payable to customers	**446,945,889**	395,652,973
Security deposits	**133,889,246**	109,163,602
Advance rent	**90,227,273**	66,048,657
Construction bonds	**39,082,585**	39,082,585
Withholding taxes payable	**34,169,222**	39,510,742
Dividends payable	**5,686,177**	5,686,177
Income tax payable	**4,570,875**	-

	March 2024	December 2023
Others	**156,604,165**	129,102,022
	3,898,485,950	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 March 31, 2024 and December 31, 2023 arising from a share purchase agreement between the Parent Company, CPG and AOCH1. Under the claw-back provision of the share purchase agreement, the Parent Company warrants the final resolution acceptable to CPG and its counsel with respect to the pending complaint involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the 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 or a portion thereof plus interest earned in which the claw-back amount 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 March 31, 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:

	March 2024 (Three Months)	December 2023 (Twelve Months)
Salaries and other employee benefits	**50,673,050**	127,231,751
Retirement benefits expense	**-**	16,366,953
	50,673,050	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 ₱135.4 million and ₱143.7 million as at March 31, 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.

Material Non-controlling Interests

SLDC

Non-controlling interests over SLDC is 41% as at March 31, 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 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 Aug 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 was paid on September 18, 2023.

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 2023, Narra also subscribed to 442,000 preferred shares of Bhavya for a total subscription amount of ₱44.2 million.

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 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 300,000 preferred shares of Bhavya at the price of ₱100.00 per share, or a total of ₱30.0 million.

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

	Amount of Transactions		Outstanding Balance	
	March 2024	December 2023	**March 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:

	March 2024		December 2023	
	Preferred	**Common**	Preferred	Common
Authorized	**50,000,000**	**16,368,095,199**	50,000,000	16,368,095,199
Par value per share	**₱1.00**	**₱0.18**	₱1.00	₱0.18
Issued	**50,000,000**	**5,318,095,199**	48,500,000	5,318,095,199
Outstanding	**50,000,000**	**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:

	March 2024		December 2023	
	Number of shares	**Amount**	Number of shares	Amount
Issued and outstanding				
Balance at beginning of period	**28,500,000**	**₱28,500,000**	28,500,000	₱28,500,000
Issuance during the period	**1,500,000**	**1,500,000**	-	-
Redemption during the period	**-**	**-**	-	-
Balance at end of period	**30,000,000**	**30,000,000**	28,500,000	28,500,000
Parent Company's preferred shares held by a subsidiary	**(14,000,000)**	**(14,000,000)**	(12,500,000)	(12,500,000)
	16,000,000	**₱16,000,000**	16,000,000	₱16,000,000

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.

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.

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.

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 January 31, 2024, the stockholders approved the proposal to amend Article Seventh of the Articles of Incorporation by increasing the Parent Company's 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. 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 Preferred Shares Series B that had been redeemed in December 2021 from the holders thereof. The approval granted on June 24, 2022 has not been revoked and remains valid, and the stockholders confirmed and ratified the said approval.

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

The BOD also approved the subscription by MPI to the Preferred Shares Series E equivalent to 14.0 million at the price of ₱1.0 per share.

Common Shares

As at March 31, 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
				₱62,319,000	

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

This account consists of:

	March 2024	December 2023
Effect of changes in the Parent Company's ownership interest in subsidiaries	**169,002,018**	169,002,018
Stock options outstanding	**7,161,827**	7,161,827
Cumulative remeasurement gains on net retirement liability - net of tax	**40,402,986**	40,402,986
	216,566,831	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 will 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 Corporation 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 upon 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%

As at March 31, 2024 and December 31, 2023, none of the qualified employees have exercised their options.

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 March 31, 2024**	Balance for Disbursement as at March 31, 2024
Development of various projects	₱2,724.0	₱2,724.0	**₱–**	₱2,724.0
Repayments of loans that financed the construction and development of ACPT	276.0	225.0	**225.0**	-
Total	₱3,000.0	₱2,949.0	**₱225.0**	₱2,724.0

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:

	March 2024 (Three Months)	March 2023 (Three Months)
Real estate sales of:		
Una Apartments	**313,418,880**	-
Lucima Residences	**271,047,715**	176,181,080
Cebu Exchange	**159,371,523**	9,532,172
Eluria	**92,308,699**	-
Sevina Park	**37,078,604**	513,361,985
Savya Financial Center	**-**	49,000,388
	873,225,421	748,075,625
Leasing revenue	**103,634,156**	82,777,077
Property Management fees	**6,651,840**	4,575,867
	983,511,417	835,428,569

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, 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 and Cebu Exchange.

18. COST AND EXPENSES

This account consists of:

	March 2024 (Three Months)	March 2023 (Three Months)
Cost of real estate sales	**579,264,770**	358,378,882
Cost of leasing operations	**20,802,536**	38,647,694
Cost of services	**15,233,929**	7,695,828
	615,301,235	404,722,404

19. OPERATING EXPENSES

Details of operating expenses by nature are as follows:

	March 2024 (Three Months)	March 2023 (Three Months)
Personnel costs	**131,372,674**	61,707,765
Advertising	**68,676,155**	53,463,524
Communication and office expenses	**41,874,666**	17,912,739
Taxes and licenses	**33,580,019**	29,485,894
Commissions and Broker's fees	**28,031,226**	17,066,884
Depreciation and amortization	**16,416,378**	10,699,200
Management and professional fees	**7,542,249**	3,207,686
Transportation and travel	**5,435,362**	3,641,935
Insurance	**4,585,799**	12,732,267
Utilities	**4,480,418**	8,289,534
Repairs and maintenance	**2,555,908**	3,119,231

	March 2024 (Three Months)	March 2023 (Three Months)
Rental	**1,209,369**	1,728,028
Representation	**220,436**	104,946
Others	**7,241,552**	448,026
	353,222,211	223,607,659

20. FINANCE COSTS

Finance costs relate to the following:

	March 2024 (Three Months)	March 2023 (Three Months)
Interest expense	**360,836,339**	262,701,750
Bank charges	**1,061,078**	926,107
	361,897,417	263,627,857

21. OTHER INCOME – NET

This account consists of:

	March 2024 (Three Months)	March 2023 (Three Months)
Interest income	**78,350,656**	8,133,347
Gain on repossessions	**30,009,185**	-
Realized gain on disposals of financial assets at FVPL	**16,437,871**	15,582,962
Unrealized holding gains (losses) on financial assets at FVPL	**3,023,829**	(2,355,408)
Foreign exchange gains (losses)	**583,231**	(467,294)
Gain on sale of investment properties	**48,419,719**	1,198,576
Gain (loss) on disposal of property and equipment	**1,131,351**	(1,155,355)
Others	**(21,220,227)**	3,610,021
	156,735,615	24,546,849

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:

	March 2024	December 2023
Balance at beginning of period	**(9,005,874)**	(33,513,423)
Retirement expense:		
Current service cost	**4,352,639**	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	**(4,653,235)**	(9,005,874)

23. INCOME TAXES

The components of provision for income tax are as follows:

	March 2024	March 2023
Reported in Profit or Loss		
Current income tax expense:		
RCIT	**₱2,656,596**	₱29,030,766
MCIT	**5,567,214**	3,199,420
Final taxes	**19,476,858**	4,918,796
Gross income tax (GIT)	**1,584,298**	(135,627)
	29,284,966	37,013,355
Deferred income tax expense	**17,163,629**	24,002,958
	₱46,448,595	₱61,016,313

Deferred Tax Assets and Deferred Tax Liabilities

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

	March 2024	December 2023
Deferred tax assets:		
NOLCO	**₱770,502,969**	₱489,288,250
Retirement liability	**32,250,503**	31,162,343
Excess MCIT over RCIT	**16,241,194**	10,758,826
Advance rent	**12,998,597**	13,972,895
Excess of commission expense over commissions paid	**8,172,757**	8,172,757
Allowance for impairment losses	**436,698**	436,698
Unrealized foreign exchange loss	**(48,156)**	10,367
	840,554,562	553,802,136
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment properties	**2,055,249,237**	1,965,361,360
Excess of financial over taxable gross profit	**611,832,698**	586,111,764
Depreciation of investment properties	**54,875,230**	52,373,261
	11,123,040	
Accrued rent receivable	9,340,072	
Actuarial gain or loss	**-**	13,979,394
Transfer of fair value to property and equipment	**10,108,826**	10,108,826
Capitalized debt issue costs	**7,763,863**	7,806,996
Unrealized foreign exchange gains	**663,735**	1,577,690

	March 2024	December 2023
	2,765,596,023	2,646,659,363
Net deferred tax liabilities	**₱1,925,041,461**	₱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:

	March 2024	March 2023
Income tax computed at statutory tax rate	**205,456,775**	63,279,334
Add (deduct) tax effects of:		
Dividend income from subsidiaries	**(156,000,000)**	-
Income subject to GIT	**(6,591,030)**	(844,711)
Nondeductible expenses and nontaxable income	**5,580,736**	(1,597,296)
Income subject to final tax	**(4,976,368)**	(640,857)
Consolidated Leasing Solutions	**2,344,759**	-
Change in unrecognized deferred tax assets	**633,723**	819,843
	46,448,595	61,016,313

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 March 31, 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:

	March 2024	December 2023
Total liabilities	**25,361,546,547**	24,147,874,105
Total equity	**12,409,623,241**	13,116,171,785
Debt-to-equity ratio	**2.04:1**	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:

	March 2024	March 2023
Net income attributable to equity holders of the Parent Company	**137,522,409**	136,071,835
Less share of Series C and D Preferred Shares	**(62,319,000)**	(62,319,000)
	75,203,409	73,752,835
Divided by weighted average number of outstanding common shares	**5,318,095,199**	5,318,095,199
Basic EPS	**0.0141**	0.0139
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	**0.0140**	0.0137

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:

		March 2024		
		Fair Value		
	Carrying Amount	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value -				
Financial assets at FVPL	**874,825,387**	**874,825,387**	**-**	**-**
Investment properties	**13,464,395,571**	**-**	**1,787,050,703**	**11,677,344,868**
Financial assets at amortized cost -				
Deposits	**124,079,514**	**-**	**-**	**124,079,514**
	14,463,300,472	**874,825,387**	**1,787,050,703**	**11,801,424,382**
Liability for which fair value is disclosed -				
Loans payable	**12,251,697,364**	**-**	**-**	**12,251,697,364**
Bonds payable	**5,945,602,053**	**-**	**-**	**5,945,602,053**
	18,197,299,417	**-**	**-**	**18,197,299,417**

		December 2023		
		Fair Value		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:			-	-
Financial assets at FVPL	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 March 31, 2024 and December 31, 2023:

	March 2024	December 2023
Financial assets:		
Cash and cash equivalents	**5,663,252,222**	5,605,296,553
Receivables*	**1,414,800,033**	2,171,903,314
Contract assets	**5,860,692,574**	5,608,780,240
Amounts held in escrow	**269,889,373**	258,346,877
	13,208,634,202	13,644,326,984
Financial liabilities:		
Accounts payable and other liabilities**	**2,356,084,751**	2,269,761,560
Advances from non-controlling interests	**1,010,119,597**	1,102,119,597
	3,366,204,348	3,371,881,157

**Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱31.4million and ₱39.4 million as at March 31, 2024 and December 31, 2023, respectively.*

***Excludes payable to customers, advance rent and statutory liabilities aggregating to ₱1,542.4 million and ₱1,351.3 million as at March 31, 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:

	March 2024	December 2023
Current Assets		
Cash and cash equivalents	**5,663,252,222**	5,605,296,553
Financial asset at fair value through profit or loss	**874,825,387**	877,853,288
Receivables	**1,446,206,520**	2,211,302,746
Contract assets	**5,860,692,574**	5,608,780,240
Real estate for sale	**8,026,033,121**	7,548,831,703
Other assets*	**1,946,670,000**	1,768,875,317
	23,817,679,824	23,620,939,847

**Excludes non-current portion of deposits and deferred input VAT amounting to ₱167.4 million and ₱137.6 million as at March 31, 2024 and December 31, 2023, respectively.*

Current Liabilities		
Current portion of loans payable**	**7,006,079,215**	5,246,912,260
Accounts payable and other liabilities	**3,898,485,950**	3,621,061,114
Contract liabilities	**325,193,328**	198,350,664
Advances from non-controlling interests	**1,010,119,597**	1,102,119,597
	12,239,878,090	10,168,443,635

***Excludes long term portion of loans payable amounting to P 5,245.6 million and P5,939.9 million as at March 31, 2024 and December 31, 2023, respectively.*

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 revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the period ended March 31, 2024, December 31, 2023 and March 31, 2023:

	March 2024					
	Sale of Real Estate	**Leasing**	**Property Management Services**	**Corporate**	**Eliminations**	**Total**
Segment revenue	**873,225,421**	**103,634,156**	**67,866,973**	**-**	**(61,215,133)**	**983,511,417**
Segment expenses	**(596,691,601)**	**(20,802,536)**	**(40,901,263)**	**(371,343,179)**	**61,215,133**	**(968,523,446)**
Segment profit	**276,533,820**	**82,831,620**	**26,965,710**	**(371,343,179)**	**-**	**14,987,971**
Net gain on change in fair value of investment properties		**359,776,152**	**-**	**-**	**-**	**359,776,152**
Finance cost	**(166,833,940)**	**(212,994,530)**	**-**	**(24,579,456)**	**42,510,508**	**(361,897,418)**
Other income - net	**-**	**-**	**-**	**156,735,615**		**156,735,615**
Income before income tax	**109,699,880**	**229,613,242**	**26,965,710**	**(239,187,020)**	**42,510,508**	**169,602,320**
Provision for income tax						**46,448,595**
Net income						**123,153,725**
Other comprehensive income						**-**
Total comprehensive income						**123,153,725**
Assets	**9,384,715,977**	**11,482,807,172**	**42,203,114**	**26,161,650,168**	**(9,300,206,643)**	**37,771,169,788**
Liabilities	**(6,569,501,884)**	**(5,682,195,480)**	**-**	**(20,606,932,718)**	**7,497,083,535**	**(25,361,546,547)**

	December 2023					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Segment revenue	6,251,574,060	366,299,089	228,620,468	–	(207,570,035)	6,638,923,582
Segment expenses	(3,684,000,551)	(143,250,409)	(137,397,407)	(1,424,254,541)	113,633,739	(5,275,269,169)
Segment profit	2,567,573,509	223,048,680	91,223,061	(1,424,254,541)	(93,936,296)	1,363,654,413
Net gain on change in fair value of investment properties	–	974,092,333	–	–	–	974,092,333

	December 2023					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Finance cost	(208,516,416)	–	–	(1,020,350,432)	208,516,416	(1,020,350,432)
Other income - net	–	–	–	521,253,473	–	521,253,473
Income before income tax	2,312,346,258	1,197,141,012	91,223,086	(1,923,351,498)	161,290,951	1,838,649,787
Provision for income tax						(449,666,103)
Net income						1,388,983,684
Other comprehensive income (loss)						(5,129,604)
Total comprehensive income						1,383,854,080
Assets	8,017,297,137	13,168,863,171	101,378,769	25,311,040,703	(9,334,533,890)	37,264,045,890
Liabilities	(4,498,162,517)	(1,750,203,148)	–	(25,713,337,186)	7,813,828,746	(24,147,874,105)

	March 2023					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Segment revenue	748,075,624	82,777,077	59,108,083	-	(54,532,215)	835,428,569
Segment expenses	(372,414,586)	(38,647,694)	(26,798,031)	(245,001,967)	54,532,215	(628,330,063)
Segment profit	375,661,038	44,129,383	32,310,052	(245,001,967)	-	207,098,506
Net gain on change in fair value of investment properties	-	235,078,510	-	-	-	235,078,510
Finance cost	(96,438,568)	(214,686,958)	-	(4,294,077)	51,791,746	(263,627,857)
Other income - net	-	-	-	24,546,849	-	24,546,849
Income before income tax	279,222,470	64,520,935	32,310,052	(224,749,195)	51,791,746	203,096,008
Provision for income tax						61,016,313
Net income						142,079,695
Other comprehensive income						-
Total comprehensive income						142,079,695
Assets	9,384,715,977	11,482,807,172	23,970,716	24,139,389,240	(8,730,883,481)	36,299,999,624
Liabilities	(5,038,167,356)	(4,627,652,874)	-	(21,515,896,193)	7,180,507,050	(24,001,209,373)

30. FINANCIAL RATIOS

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

RATIO	**FORMULA**	**MAR 2024**	DEC 2023	MAR 2023
Current Ratio	Current Assets / Current Liabilities	**1.95:1**	2.32:1	2.50:1
Acid Test Ratio	Quick Assets / Current Liabilities	**0.65:1**	0.86:1	0.90:1
Solvency Ratios	Net Income before depreciation / Total liabilities	**0.01:1**	0.06:1	0.01:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	**2.04:1**	1.84:1	1.95:1
Debt to Equity Ratio for Loan covenant	Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	**1.55:1**	1.39:1	1.53:1
Asset-to-Equity Ratio	Total Assets / Total Equity	**3.04:1**	2.84:1	2.95:1
Interest Rate Coverage Ratio	Pretax Income before Interest / Interest expense	**1.47:1**	3.51:1	1.77:1

Return on Equity	Net Income / Average Equity excluding Preferred Shares	**1.48%**	10.59%	1.81%
Return on Assets	Net Income / Average Total assets	**0.33%**	3.73%	0.40%
Net Profit Margin	Net Income / Revenue	**13%**	21%	17%
Basic Earnings per Share	Net income less dividends declared / Outstanding common shares	**0.0141**	0.1314	0.0139
Price to Earnings Ratio	Market Price per share / Earnings per share	**34.65:1**	3.5:1	36.77:1
Dividend Yield	Dividends per share / Market price per share	**2.45%**	2.61%	2.35%

December 2023 ratio is based on full year income while Mar 2024 and Mar 2023 ratios are based on three-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 C preferred shares	May 8, 2024	June 3, 2024	June 27, 2024	₱17,319,250	₱1.7319
Series D preferred shares	May 8, 2024	May 23, 2024	June 3, 2024	₱45,000,000	₱7.5000

The dividends shall be taken out of the unrestricted earnings of the Parent Company as at March 31, 2024.

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

FINANCIAL POSITION

MARCH 2024 vs DECEMBER 2023

	MAR 31, 2024	DEC 31, 2023	% Change
Cash and cash equivalents	**₱ 5,663,252,222**	₱ 5,605,296,553	1%
Financial assets at fair value through profit or loss (FVPL)	**874,825,387**	877,853,288	0%
Receivables	**1,446,206,520**	2,211,302,746	-35%
Contract Assets	**5,860,692,574**	5,608,780,240	4%
Real estate for sale	**8,026,033,121**	7,548,831,703	6%
Investment properties	**13,464,395,571**	13,175,632,447	2%
Property and equipment	**311,679,759**	315,768,669	-1%
Net retirement asset	**10,060,029**	14,151,768	-29%
Other Assets	**2,114,024,605**	1,906,428,476	11%
Total Assets	**37,771,169,788**	37,264,045,890	1%
Accounts payable and other liabilities	**3,898,485,950**	3,621,061,114	8%
Loans payable	**12,251,697,364**	11,186,817,196	10%
Bonds payable	**5,945,602,053**	5,941,522,413	0%
Contract liabilities	**325,193,328**	198,350,664	64%
Advances from non-controlling interests	**1,010,119,597**	1,102,119,597	-8%

	MAR 31, 2024	DEC 31, 2023	% Change
Net retirement liability	**5,406,794**	5,145,894	5%
Net deferred tax liabilities	**1,925,041,461**	2,092,857,227	-8%
Total Liabilities	**25,361,546,547**	24,147,874,105	5%
Equity attributable to equity holders of the Parent Company			
Capital stock	**1,007,257,136**	1,005,757,136	0%
Additional paid-in capital	**5,973,360,513**	5,973,360,513	0%
Treasury shares	**(2,000,000,000)**	(2,000,000,000)	0%
Parent Company's preferred shares held by a subsidiary	**(14,000,000)**	(12,500,000)	12%
Retained earnings	**5,107,338,168**	5,547,760,292	-8%
Other equity reserves	**216,566,831**	216,566,831	0%
	10,290,522,648	10,730,944,772	-4%
Non-controlling interests	**2,119,100,593**	2,385,227,013	-11%
Total Equity	**12,409,623,241**	13,116,171,785	-5%
Total Liabilities and Equity	**₱ 37,771,169,788**	₱ 37,264,045,890	1%

The Company's total resources slightly increased from ₱37 billion to ₱38 billion as of March 31, 2023.

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

35% Decrease in Receivables
The decrease is due to collections from buyers of office and retail units of completed projects, as well as derecognition of receivables resulting from repossessed units.

6% Increase in Real Estate for Sale
This is mainly due to projects' additional development costs and effect of new accounting policies adopted by the group, PFRS 15 and PIC Q&Q 2018-12 on exclusion of land in POC computation and IFRIC Agenda Decision Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry on non-capitalization of borrowing cost (see Note 2).

29% Decrease in Net Retirement Assets
The decrease is due to additional retirement expense accrued for the period.

11% Increase in Other Assets
The increase is largely due to prepayment for project development, commissions and taxes.

Total liabilities increased 5% from ₱24.1 billion on December 31, 2023 to ₱25.4 billion as at March 31, 2024 due to the following:

8% Increase in Accounts Payable and Other Liabilities
The increase is due to accrual of construction costs of the ongoing projects of the Group.

10% Increase in Loans Payable
The increase pertains to additional loan drawdown from the bank facilities.

64% 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.

5% Increase in Retirement Liability
This represents provision of retirement expense for the period.

8% Decrease in Net Deferred Tax Liabilities
The decrease is largely due to the difference of taxable income against financial income, including the effect of new accounting policies adopted in 2024, mentioned in Real Estate for Sale.

Total equity decreased by 5% from ₱13.1 billion on December 31, 2023 to ₱12.4 billion as at March 31, 2024 due to the following:

12% Increase in Parent Company's Shares Held by a Subsidiary
This pertains to the subscription of MPI to ALCO's Preferred Shares Series E.

8% Decrease in Retained Earnings
The decrease is due to adjustments in the beginning balance of Retained Earnings as a result of new accounting policies as mentioned in Real estate for sale and dividend declaration, net of net income for the quarter.

11% Decrease in Non-Controlling Interests (NCI)
This is attributed to adjustment mentioned in Retained Earnings, Net income (loss) and payment of dividends attributable to NCI and additional subscription of preferred shares for the period.

FINANCIAL RATIOS
MARCH 2024 vs DECEMBER 2023

RATIO	**FORMULA**	**MAR 2024**	DEC 2023
Current Ratio	Current Assets / Current Liabilities	**1.95:1**	2.32:1
Acid Test Ratio	Quick Assets / Current Liabilities	**0.65:1**	0.86:1
Solvency Ratios	Net Income before depreciation / Total liabilities	**0.01:1**	0.06:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	**2.04:1**	1.84:1
Debt to Equity Ratio for Loan covenant	Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	**1.55:1**	1.39:1
Asset-to-Equity Ratio	Total Assets / Total Equity	**3.04:1**	2.84:1
Interest Rate Coverage Ratio	Pretax Income before Interest / Interest expense	**1.47:1**	2.81:1
Return on Equity	Net Income / Average Equity excluding Preferred Shares	**1.48%**	10.59%
Return on Assets	Net Income / Average Total assets	**0.33%**	4%
Net Profit Margin	Net Income / Revenue	**13%**	21%
Basic Earnings per Share	Net income less dividends declared / Outstanding common shares	**0.0141**	0.1075

RATIO	FORMULA	MAR 2024	DEC 2023
Price to Earnings Ratio	Market Price per share / Earnings per share	**34.65:1**	3.50:1
Dividend Yield	Dividends per share / Market price per share	**2.45%**	2.61%

FINANCIAL RATIOS
MARCH 2024 vs MARCH 2023

Ratio	Formula	MAR 2024	MAR 2023
Current Ratio	Current Assets / Current Liabilities	**1.95:1**	2.50:1
Acid Test Ratio	Quick Assets / Current Liabilities	**0.65:1**	0.9:1
Solvency Ratios	Net Income before depreciation / Total liabilities	**0.01:1**	0.01:1
Debt-to-Equity Ratio	Total Liabilities / Total Equity	**2.04:1**	1.95:1
Debt-to-Equity Ratio for Loan covenant	Total Debt [Bonds and loans payable, amount payable for purchase of interest in a subsidiary and advances from non-controlling interest] to Total Equity)	**1.55:1**	1.53:1
Asset-to-Equity Ratio	Total Assets / Total Equity	**3.04:1**	2.95:1
Interest Rate Coverage Ratio	Pretax Income before Interest / Interest expense	**1.47:1**	1.82:1
Return on Equity	Net Income / Average Equity excluding Preferred Shares	**1.48%**	1.81%
Return on Assets	Net Income / Average Total assets	**0.33%**	0.40%
Net Profit Margin	Net Income / Revenue	**13%**	17%
Basic Earnings per Share	Net income less dividends declared / Outstanding common shares	**0.0141**	0.0139
Price to Earnings Ratio	Market Price per share / Earnings per share	**34.65:1**	36.77:1
Dividend Yield	Dividends per share / Market price per share	**2.45%**	2.35%

RESULTS OF OPERATIONS
MARCH 2024 vs MARCH 2023

	MAR 31, 2024	% of Sale	MAR 31, 2023	% of Sale	% Change
Revenues	**₱ 983,511,417**	100%	₱ 835,428,569	100%	18%
Cost and Expenses	**615,301,235**	63%	404,722,404	48%	52%
GROSS INCOME	**368,210,182**	37%	430,706,165	52%	-15%
Administrative expenses	**256,514,830**	26%	153,077,251	18%	68%
Selling and marketing expenses	**96,707,381**	10%	70,530,408	8%	37%
OPERATING EXPENSES	**353,222,211**	36%	223,607,659	27%	58%

	MAR 31, 2024	% of Sale	MAR 31, 2023	% of Sale	% Change
INCOME FROM OPERATIONS	**14,987,971**	2%	207,098,506	25%	-93%
OTHER OPERATING INCOME (EXPENSES)					
Finance costs	**(361,897,418)**	37%	(263,627,857)	32%	37%
Net gain on change in fair value of investment properties	**359,776,152**	37%	235,078,510	28%	53%
Other income – net	**156,735,615**	16%	24,546,849	3%	539%
INCOME BEFORE INCOME TAX	**169,602,320**	17%	203,096,008	24%	-16%
PROVISION FOR INCOME TAX	**46,448,595**	5%	61,016,313	7%	-24%
NET INCOME	**₱ 123,153,725**	13%	₱ 142,079,695	17%	-13%
NET INCOME ATTRIBUTABLE TO:					
Equity holders of Parent Company	**137,522,409**	14%	136,071,835	16%	1%
Non-controlling interests	**(14,368,684)**	-1%	6,007,860	1%	-339%
	₱ 123,153,725	13%	₱ 142,079,695	17%	-13%

The Group's revenue declined by 13% from ₱142.1 million in March 2023 to ₱123.2 million in March 2024.

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

18% Increase in Revenues
This is mainly due to the initial revenue recognition of UNA Tower 1 at Sevina Park, as well as Eluria bookings net of the effect of the adoption of new accounting policies.

52% Increase in Cost and Expenses
The increase is due to higher revenues recognized as well as the associated cost of the sales mix for this quarter net of the effect of the adoption of new accounting policies.

68% Increase in Administrative Expenses
This is primarily driven by higher personnel costs and other pre-operating expenses related to completed projects.

37% Increase in Selling & Marketing Expenses
The increase is mainly attributed to increase in commission relative to the initial revenue recognition of Una Tower 1 at Sevina Park, as well as associated costs for marketing activities.

37% Increase in Finance Costs
The increase is due to non-capitalization of interest on the loans obtained for project development.

53% Increase in Net Gain on Change in Fair Value of Investment Properties
This pertains to the appraisal gain recognized for ACPT and land properties of the Group.

539% Increase in Other Income - net
This is mainly attributable to higher interest income from short term money market placements and gain on repossession.

24% Decrease in Provision for Income Tax
The decrease is due to lower taxable income for the quarter.

Machine Validation:

VALID UNTIL: JULY 04, 2024

Republic of the Philippines

DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

PAYMENT ASSESSMENT FORM

No. 20240520-10694280

DATE	**RESPONSIBILITY CENTER**
05/20/2024	MSRD

PAYOR: ARTHALAND CORPORATION
TAGUIG CITY

	NATURE OF COLLECTION	QUANTITY	ACCOUNT CODE	AMOUNT
	Information Statement - Registrant		4020199099 (678)	7,500.00
	Legal Research Fee (A0823)		2020105000 (131)	75.00
	----NOTHING FOLLOWS----			
TOTAL AMOUNT TO BE PAID				**Php 7,575.00**

Assessed by: djvbernardo

Verified by: cmsespinola

Amount in words:
SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Remarks:
2024 ASM

PAYMENT OPTIONS

1. Online payment thru eSPAYSEC at
   • https://espaysec.sec.gov.ph
2. Over the Counter Payments at any LandBank branch nationwide

BREAKDOWN SUMMARY

FUND ACCOUNT	AMOUNT	ACCOUNT #
SEC SRC Current Account	7,500.00	0552-2222-88
SEC BTR Account - LRF	75.00	3402-2319-20
TOTAL	Php 7,575.00	

NOTES:

A. The Payment Assessment Form (PAF) is valid until JULY 04, 2024.

B. Accepted modes of payment at Landbank branches:
1. Cash 2. Manager's/Cashier's Check payable to the Securities and Exchange Commission

C. For check payment, please prepare separate Manager's checks per fund account as indicated on the breakdown summary.

D. For over the counter payment at LandBank:
1. **Print 2 copies of PAF, 1 Client Copy, 1 LandBank copy**
2. **Accomplish the onColl Payment slip per fund account as indicated on the breakdown summary.**
   Use the correct Fund Account and Account No. and provide the below information:
   • **Reference Number 1 - PAF No.**
   • **Reference Number 2 - Name of Payor appearing on the PAF**
3. **Present OnColl Payment Slip, together with the PAF, to the LandBank Teller**

E. You may generate the electronic official receipt (eOR) by visiting https://espaysec.sec.gov.ph/eor
• Payment thru ESPAYSEC – eOR available upon payment
• LandBank OTC - eOR available within two (2) business days after the payment

F. ANY ALTERATIONS WILL INVALIDATE THIS FORM

ONCOLL PAYMENT SLIP

LANDBANK

ONCOLL PAYMENT SLIP

This is your receipt when machine validated.

Please check the appropriate mode of payment. ☐ CASH ☑ CHECK ☐ DEBIT FROM ACCOUNT	DATE 05/22/2024
MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER 0552 2222 88	MERCHANT / AGENCY NAME SEC SRC CURRENT ACCOUNT
Reference Number 1 20240520 - 10694280	Printed Name and Signature of Payor / Depositor / Representative JOHN CHRISTIAN R. GIGANTE
Reference Number 2 ARTHALAND CORPORATION	Validation
Reference Number 3 (Numeric)	
Amount 7,500	

LBP B. GLOBAL CITY T1(MARLA KAE JAC)
05-22-2024 08:36 Trxn. Seq. #: 28800
SEC-SEC REG C LOCAL CHECK Payment
Clrng. Acct. No. 0552-2222-88
PYMT ASSMT FOR 20240520-10694280
NAME OF PAYOR ARTHALAND CO
Check No. 305406
Amount 7,500.00

0730 MCI 0401 CS-ON COLLSC P40.00
T1 2MXJ 22MAY2024 08:36:44

ONCOLL PAYMENT SLIP

LANDBANK

ONCOLL PAYMENT SLIP

This is your receipt when machine validated.

Please check the appropriate mode of payment. ☑ CASH ☐ CHECK ☐ DEBIT FROM ACCOUNT	DATE 05/22/2024
MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER 3402 2319 20	MERCHANT / AGENCY NAME SEC BTR ACCOUNT - LRF
Reference Number 1 20240520 - 10694280	Printed Name and Signature of Payor / Depositor / Representative JOHN CHRISTIAN R. GIGANTE
Reference Number 2 ARTHALAND CORPORATION	Validation
Reference Number 3 (Numeric)	
Amount 75.00	

LBP B. GLOBAL CITY T1(MARLA KAE JAC)
05-22-2024 08:33 Trxn. Seq. #: 19800
SEC REG. CASH Payment
Clrng. Acct. No. 3402-2319-20
PYMT ASSMT FOR 20240520-10694280
COMPANY NAME ARTHALAND CO
Amount 75.00

MSRD Arthaland Corporation SEC Form 20-IS 04 June 2024 [2024 Definitive Information Statement]

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Tuesday, June 4, 2024 5:29 PM
To: Margeline C. Hidalgo <mchidalgo@arthaland.com>
Subject: RE: MSRD_Arthaland Corporation_SEC Form 20-IS_04 June 2024 [2024 Definitive Information Statement]

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Receipt) will be made available after 7 working days via order through the SEC Express at https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsecexpress.ph%2F&data=05%7C02%7Cjrgigante%40arthaland.com%7Cbc3588b66684474e422d08dc8478dc2c%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638530901866120379%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=YhHZRN%2BN7WlQELCHwmrGN%2F4dPk60kA5kIEQGd%2BHrDuI%3D&reserved=0. For further clarifications, please call (02) 8737-8888.

-- NOTICE TO COMPANIES ---

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

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%7Cjrgigante%40arthaland.com%7Cbc3588b66684474e422d08dc8478dc2c%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638530901866129133%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=%2FxsAaqyJQSTVlTBQwx1%2FcbuOx58ZHHEwfwStUSmLgbA%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

Please be informed that the submission of the abovementioned eleven
(11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://apc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fefast.sec.gov.ph%2Fuser%2Flogin&data=05%7C02%7Cjrgigante%40arthaland.com%7Cbc3588b66684474e422d08dc8478dc2c%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638530901866131926%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=05pAEWZpu5HEaTxJ3rLd0swwj7SxHg2hq9DKZVMe17Y%3D&reserved=0 :

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%7Cjrgigante%40arthaland.com%7Cbc3588b66684474e422d08dc8478dc2c%7Cd4fe2526c1e14ad3b425f3737cbdc476%7C0%7C0%7C638530901866134622%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=gg0%2B1eAvlj%2BO%2FDTS7Np4RokolHNjeyYfySHd6Jz4odk%3D&reserved=0

For your information and guidance.

Thank you.

RE: Arthaland Disclosure | Definitive Information Statement for 2024 Annual Stockholders' Meeting

From: PDEx Disclosure <pdex.disclosure@pds.com.ph>
Sent: Wednesday, June 5, 2024 10:23 AM
To: Margeline C. Hidalgo <mchidalgo@arthaland.com>
Cc: Riva Khristine Maala <rvmaala@arthaland.com>
Subject: Re: [EXTERNAL] RE: Arthaland Disclosure | Definitive Information Statement for 2024 Annual Stockholders' Meeting

Ladies and Gentlemen:

This is to acknowledge receipt of your email and the revised 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