SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Sep 2, 2026
2. SEC Identification Number
   CS202052294
3. BIR Tax Identification No.
   502-228-971-000
4. Exact name of issuer as specified in its charter
   MREIT, INC.
5. Province, country or other jurisdiction of incorporation
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, Philippines
   Postal Code
   1634

8. Issuer's telephone number, including area code
   (632) 8894-6300/6400
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	4,718,849,053

11. Indicate the item numbers reported herein
    Item 9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

MREIT, Inc.
MREIT

PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure on Issuance of Shares (Private Placements, Share Swaps, Property-for-Share Swaps or Conversion of Liabilities/Debt into Equity)
Reference: Rule on Additional Listing of Securities

Subject of the Disclosure
Property-for-Share Swap Transaction between Megaworld Corporation, Travellers International Hotel Group, Inc., Southwoods Mall, Inc. and MREIT, Inc.
Background/Description of the Disclosure
On 29 May 2026, MREIT, Inc. (“MREIT” or “Company”), Megaworld Corporation ("Megaworld"), Travellers International Hotel Group, Inc. ("TIHGI"), and Southwoods Mall, Inc. ("SMI") (Megaworld, TIHGI, and SMI are collectively referred to as the "Asset Owners"), executed a Memorandum of Understanding, pursuant to which the Parties agree to pursue a share swap arrangement over certain income-generating real estate of the Asset Owners that meet the investment criteria of MREIT (the "Target Growth Assets"). On July 24, 2026, the Company's Board of Directors approved the definitive terms (the "Transaction") where the Parties agreed to the subscription by the Asset Owners to an aggregate of 1,637,217,981 primary common shares in MREIT for a total subscription price of Php27,014,096,692.00 broken down into: (i) Paid-Up Capital (at par) of Php1,637,217,981.00 and (ii) Additional Paid-In Capital (APIC) of Php25,376,878,711.00. The Deed of Exchange was signed by the parties on 02 September 2026.

Date of Approval by Board of Directors	Jul 24, 2026

Comprehensive Corporate Disclosure

Description of the proposed transaction including the timetable for implementation, and related regulatory requirements
The Parties agree to pursue a share swap arrangement over certain income-generating real estate of the Asset Owners. MREIT intends to acquire the Target Growth Assets to secure income growth and provide a competitive investment return to its shareholders. In exchange for the Target Growth Assets, Megaworld shall subscribe to 1,209,809,426 shares, TIHGI shall subscribe to 309,372,835 shares, and SMI shall subscribe to 118,035,720 shares. The finalized subscription price translates to an effective price per share of Philippine Pesos: Sixteen and 50/100 (Php16.50), representing an 18.6% premium over the Volume-Weighted Average Price (VWAP) over a period of thirty (30) trading days prior to finalization. The Total Subscription Price shall be settled via a tax-free exchange of twelve (12) income-generating asset buildings (the "Properties"), specified in the attached Annex. The Transaction shall be pursued as a tax-free exchange under Sec. 40(c)(2) of the National Internal Revenue Code, as amended. The Shares shall be issued upon the confirmation of the valuation of the Properties by the Securities and Exchange Commission. The Company will apply for the additional listing of the Shares resulting from the Transaction with the Exchange.
Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The Transaction is pursuant to the Company's investment goal to double its portfolio to 1,000,000 square meters of gross leasable area (GLA) by the end of 2027. The Transaction represents the fifth wave of asset infusion into the Company.

This is pursuant to the Company's investment goal to expand its portfolio of income-generating real estate to secure income growth, provide competitive investment returns to its investors, and execute its vision of transforming the Company from an office REIT into a diversified REIT, anchored among the most iconic mall and lifestyle assets in the country.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

The total subscription price for the Transaction is Philippine Pesos: Twenty-Seven Billion Fourteen Million Ninety-Six Thousand Six Hundred Ninety-Two (Php27,014,096,692.00) broken down into: (i) Paid-Up Capital (at par) of One Billion Six Hundred Thirty-Seven Million Two Hundred Seventeen Thousand Nine Hundred Eighty-One Pesos (Php1,637,217,981.00); and, (ii) Additional Paid In Capital (APIC) of Philippine Pesos: Twenty-Five Billion Three Hundred Seventy-Six Million Eight Hundred Seventy-Eight Thousand Seven Hundred Eleven (Php25,376,878,711.00).

The basis upon which the consideration or the issue value was determined

The Properties were valued by FTI Consulting Philippines, Inc. using the Discounted Cash Flows ("DCF") Method and Direct Capitalization Method under the Income Approach. The Company, on the other hand, was valued using the DCF Method as the primary method, with the Market Approach as cross-check.

Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

The Company's Board of Directors approved the terms of the transaction on July 24, 2026 and the parties executed the Deed of Exchange on 02 September 2026. Following the execution of the Deed of Exchange, the Company shall apply for the issuance of the Certificates Authorizing Registration ("CAR") with the relevant Revenue District Office of the Bureau of Internal Revenue ("BIR") within the third quarter of 2026. The SEC's confirmation of the valuation of the Properties and the BIR's CAR issuance are expected to be issued within the second half of 2026. The Company shall thereafter apply for the additional listing of the shares resulting from the Transaction with the Exchange.

Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the transaction, their directors/officers or any of their affiliates
Megaworld Corporation	See attached Annex.	Megaworld is the Sponsor of the Company and, as of date hereof, directly and indirectly owns 53.43% of the Company shares.
Travellers International Hotel Group, Inc. (TIHGI)	See attached Annex.	TIHGI is an affiliate of the Company under the Alliance Global Group, Inc. (AGI)
Southwoods Mall, Inc. (SMI)	See attached Annex.	SMI is an indirect subsidiary of Megaworld, the Sponsor of the Company. SMI is 49.59% owned by Megaworld, and 50.41% owned by Global-Estate Resorts, Inc. (GERI), which in turn is 82.50% owned by Megaworld.

Organizational/Ownership Structure of Subscribers

Controlling Shareholders of Subscribers	Number of Shares Held	%
See attached Annex.	-	-

For subscribers with no track record or with no operating history: the Subscriber must present a statement of active business pursuits and objectives which details the step undertaken and proposed to be undertaken by the Issuer in order to advance its business. Projected financial statements shall only be required should there be references made in the Statement to forecasts or targets

Not applicable.

The interest which directors of the parties to the transaction have in the proposed transaction

Aside from their existing ownership of shares in the Company and Asset Owners, the directors of the parties do not have interest in the proposed Transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

The issuance and listing of up to One Billion Eight Hundred Million (1,800,000,000) primary common shares was discussed and approved by the Company's stockholders during the Annual Stockholders' Meeting held on 29 May 2026.

Transaction price for the One Billion Six Hundred Thirty-Seven Million Two Hundred Seventeen Thousand Nine Hundred Eighty-One (1,637,217,981) common shares subscribed was set at an effective price of Philippine Pesos: Sixteen and 50/100 (Php16.50) per share, representing an 18.6% premium over the thirty (30)-day volume-weighted average price (VWAP) of Philippine Pesos: Thirteen and 91/100 (Php13.91) per share over a period of thirty (30) trading days, as validated by a fairness opinion issued by FTI Consulting Philippines, Inc.

The Transaction falls within the exceptions to the conduct of a rights or public offering requirement under Article V, Section 3(a) of the Amended PSE Consolidated Listing and Disclosure Rules.

Any conditions precedent to closing of the transaction

Subject to regulatory approvals, the Transaction will close upon the confirmation of the valuation of the properties by the SEC, and listing of the Shares with the PSE.

Change(s) in the composition of the Board of Directors and Management

There are no changes in the composition of the Board of Directors and Management as a result of this Transaction.

Effects on the following

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
Megaworld Corporation	2,521,286,774	53.43	3,731,096,200	58.7
Travellers International Hotel Group, Inc.	0	0	309,372,835	4.87
Southwoods Mall, Inc.	0	0	118,035,720	1.86
Other Affiliates	28,902,900	0.61	28,902,900	0.45
Directors and Officers	10,601,000	0.22	10,601,000	0.17
Public	2,158,058,379	45.73	2,158,058,379	33.95

Capital structure

Issued Shares

Type of Security /Stock Symbol	Before	After
MREIT (Common Shares)	4,718,849,053	6,356,067,034

Outstanding Shares

Type of Security /Stock Symbol	Before	After
MREIT (Common Shares)	4,718,849,053	6,356,067,034

Treasury Shares

Type of Security /Stock Symbol	Before	After
N/A	-	-

Listed Shares

Type of Security /Stock Symbol	Before	After
MREIT (Common Shares)	4,718,849,053	6,356,067,034

Effect(s) on the public float, if any	The public float will change from 45.73% to 33.95%. The Company and Asset Owners shall ensure that it shall at all times be in compliance with the public minimum ownership requirements imposed for REITs.
Effect(s) on foreign ownership level, if any	Foreign ownership will change from 0.52% to 0.39%

Other Relevant Information
This disclosure is being amended to update that on 02 September 2026, MREIT and the Asset Owners executed the Deed of Exchange.

Filed on behalf by:

Name	Angeli Tristeza
Designation	Legal Counsel

MREIT, Inc.
Comprehensive Corporate Disclosure on Issuance of Shares

I. Description of the proposed transaction including the timetable for implementation, and related regulatory requirements

On 29 May 2026, MREIT, Inc. ("MREIT"), Megaworld Corporation ("Megaworld"), Travellers International Hotel Group, Inc. ("TIHGI"), and Southwoods Mall, Inc. ("SMI") (Megaworld, TIHGI, and SMI are collectively referred to as the "Asset Owners") executed a Memorandum of Understanding pursuant to which the Parties agree to enter into a share swap arrangement over certain income-generating real estate of the Asset Owners that meet the investment criteria of MREIT (the "Target Growth Assets"), as follows:

Building	Owner	Location / Township	GLA (in sqms.)
Festive Walk Mall	Megaworld	Iloilo Business Park, Iloilo City	32,659.00
Lucky Chinatown Mall	Megaworld	Binondo, Manila	40,078.07
Venice Mall	Megaworld	McKinley Hill Village, Taguig City	39,616.63
Science Hub Tower 2	Megaworld	McKinley Hill Village, Taguig City	20,906.33
Venice Corporate Center	Megaworld	McKinley Hill Village, Taguig City	8,420.57
Six West Campus	Megaworld	McKinley West, Taguig City	9,275.00
Eastwood Mall	Megaworld	Eastwood City, Quezon City	22,216.28
One Paseo	Megaworld	Arcovia, Pasig City	23,688.21
Global One	Megaworld	Eastwood City, Quezon City	34,495.00
Holiday Inn Express Manila Newport City	TIHGI	Newport City, Pasay	26,495.22
Horizon Center	TIHGI	Newport City, Pasay	20,422.04
Southwoods Mall	SMI	Biñan, Laguna	25,663.86

MREIT intends to acquire the Target Growth Assets to secure income growth and provide a competitive investment return to its shareholders.

On July 24, 2026, the Board of Directors approved the definitive terms of the Transaction, and on 02 September 2026, the parties executed the Deed of Exchange (Annex "M"). In exchange for the Target Growth Assets, Megaworld shall subscribe to 1,209,809,426 shares, TIHGI shall subscribe to 309,372,835 shares, and SMI shall subscribe to 118,035,720 shares. The subscription price translates to an effective price per share of Philippine Pesos: Sixteen and 50/100 (Php16.50), representing an 18.6% premium over the Volume-Weighted Average Price (VWAP) of Php13.91 per share over a period of thirty (30) trading days.

The Transaction shall be pursued as a tax-free exchange under Sec. 40(c)(2) of the National Internal Revenue Code, as amended. The Shares shall be issued upon the confirmation of the valuation of the Properties by the Securities and Exchange Commission. The Company will apply for the additional listing of the Shares resulting from the Transaction with the Exchange.

II. Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The Transaction is pursuant to the Company's investment goal to double its portfolio to 1,000,000 square meters of gross leasable area (GLA) by the end of 2027. The Transaction represents the fifth wave of asset infusion into the Company. This is pursuant to the Company's investment goal to expand its portfolio of income-generating real estate to secure income growth, provide competitive investment returns to its investors, and execute its vision of transforming the Company from an office REIT into a diversified REIT, anchored by among the most iconic mall and lifestyle assets in the country.

III. The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

The total subscription price for the Transaction is Php27,014,096,692.00 broken down into: (i) Paid-Up Capital (at par) of Php1,637,217,981.00; and, (ii) Additional Paid In Capital (APIC) of Php25,376,878,711.00.

IV. The basis upon which the consideration or the issue value was determined

The Properties were valued by FTI Consulting Philippines, Inc. using the Discounted Cash Flows ("DCF") Method and Direct Capitalization Method under the Income Approach. The shares of the Company, on the other hand, were valued using the DCF Method as the primary method, with the Market Approach as cross-check.

V. Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

The Company's Board of Directors approved the terms of the transaction on July 24, 2026 and the parties executed the Deed of Exchange on 02 September 2026. Following the execution of the Deed of Exchange, the Company shall apply for the issuance of the Certificates Authorizing Registration ('CAR') with the relevant Revenue District Office of the Bureau of Internal Revenue ('BIR') within the third quarter of 2026. The SEC's confirmation of the valuation of the Properties is expected to be issued within the second half of 2026.

The Company shall thereafter apply for the additional listing of shares with the Exchange.

VI. Identity and/or corporate background of the beneficial owners of the shares subscribed

Megaworld Corporation	Megaworld Corporation was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities such as project design, construction and property management. Megaworld's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.	Megaworld is the Sponsor of the Company and, as of date hereof, directly and indirectly owns 53.43% of the Company shares.
Travellers International Hotel Group, Inc. (TIHGI)	TIHGI is a premier developer and operator of integrated resorts in the Philippines. It operates Newport World Resorts in Pasay City, the country's first integrated leisure and resort property that combines privately-operated gaming facilities with non-gaming features, including world-class hotel brands (e.g., Marriott, Hilton, Sheraton, Okura and Holiday Inn Express) and extensive Meetings, Incentives, Conferences, and Exhibitions (MICE) venues.	TIHGI is an affiliate of the Company under the Alliance Global Group, Inc. (AGI)

Southwoods Mall, Inc. (SMI)	SMI was incorporated on July 18, 2013, to develop and operate the Southwoods Mall and Office Towers situated within the Southwoods City township.	SMI is an indirect subsidiary of Megaworld, the Sponsor of the Company. SMI is 49.59% owned by Megaworld, and 50.41% owned by Global-Estate Resorts, Inc. (GERI), which in turn is 82.50% owned by Megaworld.

Controlling Shareholders of Megaworld	Number of Shares Held	%
Alliance Global Group, Inc.	23,576,137,059[1] (Common - 17,576,137,059) (Preferred - 6,000,000,000)	61.35%
New Town Land Partners, Inc.	5,668,530,324	14.75%
First Centro, Inc.	873,012,500	2.27%

Controlling Shareholders of TIHGI	Number of Shares Held	%
Adams Properties, Inc.	11,873,083,333	38.79%
Alliance Global Group, Inc.	10,148,370,724	33.15%
Newport World Resorts Properties, Inc.	7,330,266,647	23.95%
First Centro, Inc.	707,949,970	2.31%
Megaworld Corporation	290,587,162	0.95%

Controlling Shareholders of SMI	Number of Shares Held	%
Global-Estate Resorts, Inc.	541,874,995	50.41%
Megaworld Corporation	533,125,000	49.59%

VII. The interest which directors of the parties to the transaction have in the proposed transaction

Aside from their existing ownership of shares in the Company and Asset Owners, the directors of the parties do not have interest in the proposed Transaction.

VIII. Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

Transaction price for the 1,637,217,981 common shares subscribed was set at an effective price of Php16.50 per share, representing an 18.6% premium over the 30-day volume-weighted average price (VWAP) of Php13.91 per share, as validated by a fairness opinion issued by FTI Consulting Philippines, Inc.

The Transaction falls within the exceptions to the conduct of a rights or public offering requirement under Article V, Section 3(a) of the Amended PSE Consolidated Listing and Disclosure Rules.

[1] As of 30 June 2026.

Additional Information on Megaworld Corporation

1. Articles of Incorporation

Megaworld Corporation ("Megaworld") was incorporated in the Philippines on 24 August 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components.

The Articles of Incorporation of Megaworld is attached hereto as **Annex A.** The primary purpose of Megaworld, as stated in its Amended Articles of Incorporation dated 27 June 2017, is:

"a) To invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, hypothecate, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidence of indebtedness or securities of this Corporation or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, and income arising from such property, and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned." (Amended as of April 30, 1999)

2. Major Projects and Investments

Megaworld Corporation is presently engaged in property-related activities such as project design, construction and property management. Its real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

3. Capital and Organizational Structure

The latest General Information Sheet of Megaworld is attached as **Annex B** and its Ownership Structure is attached as **Annex C**.

Please refer to item number 6 for the list of Directors and Officers.

4. Latest Audited Financial Statements

The audited financial statements of Megaworld for the years 2023, 2024, and 2025 are attached as **Annex D and series.**

5. List of Subsidiaries and Affiliates

The list of subsidiaries of Megaworld Corporation is attached as **Annex E.**

6. Board of Directors and Officers

Directors

Andrew L. Tan - Director, Chairman of the Board
Lourdes T. Gutierrez-Alfonso - Director, President and CEO
Kevin Andrew L. Tan - Executive Director
Enrique Santos L. Sy - Director
Cresencio P. Aquino - Lead Independent Director
Ma. Milagros C. Yuhico - Director
Alejo L. Villanueva, Jr. - Director

Officers

Maria Victoria M. Acosta - Executive Vice President and Managing Director for International Marketing
Francisco C. Canuto - Senior Vice President, Chief Finance Officer, Treasurer, Chief Audit Executive, Compliance Officer, and Corporate Information Officer
Giovanni C. Ng - Senior Vice President and Finance Director
Noli D. Hernandez - Executive Vice President for Sales and Marketing
Maria Carla T. Uykim - Head of Corporate Advisory and Compliance Division
Rafael Antonio S. Perez - Head of Human Resources and Corporate Administration Division
Graham M. Coates - Head of Megaworld Lifestyle Malls
Jennifer L. Romualdez - Head of Operations Division
Ma. Melody Ibañez-Garcia - Chief Risk Officer
Lino P. Victorioso, Jr. - Data Protection Officer
Kimberly Hazel A. Sta. Maria – Senior Assistant Vice President for Creatives, Branding and Advertising
Anna Michelle T. Llovido - Corporate Secretary
Nelileen S. Baxa - Assistant Corporate Secretary

Additional Information on Travellers International Hotel Group, Inc.

1. Articles of Incorporation

Travellers International Hotel Group, Inc. ("TIHGI") was incorporated in the Philippines on 17 December 2003, primarily to engage in the business of hotels, inns, apartments, private clubs, apartelles, leisure parks, entertainment centers and other tourist or leisure oriented establishments.

The Articles of Incorporation of TIHGI is attached hereto as **Annex F.**

2. Major Projects and Investments

TIHGI is the developer and operator of Newport World Resorts, the first integrated leisure and resort property in the Philippines that combines privately-operated gaming facilities with non-gaming features. Its real estate portfolio includes Newport Mall, which includes several retail outlets and restaurants, the 1,710-seat Newport Performing Arts Theater and a four-screen cinema; various international and luxury hotel brands including the Marriott Hotel Manila, Holiday Inn Express Manila Newport City, Marriott West Wing, Hilton Manila, Sheraton Manila Hotel and Hotel Okura Manila; and a world-class events and convention center, the Marriott Grand Ballroom.

3. Capital and Organizational Structure

The latest General Information Sheet of TIHGI is attached as **Annex G** and its Ownership Structure is attached as **Annex H.**

Please refer to item number 6 for the list of Directors and Officers.

4. Latest Audited Financial Statements

The audited financial statements of TIHGI for the years 2023, 2024 and 2025 are attached as **Annex I and series.**

5. List of Subsidiaries and Affiliates

Please refer to the Ownership Structure under item 3.

6. Board of Directors and Officers

Directors

Andrew L. Tan - Director
Kevin Andrew L. Tan - Chairman
Nilo Thaddeus P. Rodriguez - President and CEO
Ma. Georgina A. Alvarez - Executive Director
Enriqueto Leonardo M. Soriano - Independent Director

Officers

Lance Paul Gautreaux - Chief Operating Officer
Laurence James Hawke - Chief Financial Officer, Investor Relations Officer, and Corporate Information Officer
Ronald Mark C. Lleno - Corporate Secretary
Walter L. Mactal - Compliance Officer and Assistant Corporate Secretary

Additional Information on Southwoods Mall, Inc.

1. Articles of Incorporation

Southwoods Mall, Inc. ("SMI") was incorporated in the Philippines on 18 July 2013, primarily to own, acquire, develop, manage and operate, sell, mortgage, lease, rent, build or improve mall, shopping center or other similar structures; to engage in, be licensed to operate or to license others to operate, any and all phases of the mall, shopping centers and related businesses.

The latest Amended Articles of Incorporation of SMI is attached hereto as **Annex J.**

2. Capital and Organizational Structure

The latest General Information Sheet of SMI is attached as **Annex K**.

Global-Estate Resorts, Inc. is the majority shareholder, owning 50.41% with 541,874,995 shares and Megaworld Corporation owns 49.59% with 533,125,000 shares.

Please refer to item number 4 for the list of Directors and Officers.

3. Latest Audited Financial Statements

The audited financial statements of SMI for the years 2023, 2024, and 2025 are attached as **Annex L.**

4. Board of Directors and Officers

Andrew L. Tan - Chairman of the Board
Monica T. Salomon - Director and President
Lourdes T. Gutierrez-Alfonso - Director
Kevin Andrew L. Tan - Director
Lailani V. Villanueva - Director and Treasurer
Maria Carla T. Uykim - Corporate Secretary

ANNEX "A"

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209, Metro Manila

COMPANY REG. NO. 167423

CERTIFICATE OF FILING OF AMENDED ARTICLES OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the amended articles of incorporation of the

MEGAWORLD CORPORATION
(Amending Articles II Secondary Purpose and VII thereof)

copy annexed, adopted on March 25, 2024 by a majority vote of the Board of Directors and on May 13, 2024 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 15 of the Revised Corporation Code of the Philippines, Republic Act No. 11232, which took effect on February 23, 2019 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed to this Certificate at The SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila, Philippines, this 29th day of July, Twenty Twenty-Four.

GERARDO F. DEL ROSARIO
Director
Company Registration and Monitoring Department

WS/ioo

AMENDED

ARTICLES OF INCORPORATION

of

MEGAWORLD CORPORATION

(formerly Megaworld Properties & Holdings, Inc.)

KNOW ALL MEN BY THESE PRESENTS:

That we, all of whom are Filipinos, of legal ages, residents of the Philippines, have this day voluntarily associated together for the purpose of forming a corporation under the laws of the Philippines:

AND WE HEREBY CERTIFY:

FIRST: That the name of said *Corporation* shall be: Megaworld Corporation. *(Amended as of April 30, 1999)*

SECOND: That the purposes for which said *Corporation* is formed are:

PRIMARY PURPOSE

a) To invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, hypothecate, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidence of indebtedness or securities of this *Corporation* or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, and income arising from such property, and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers of any stock so owned. *(Amended as of April 30, 1999)*

SECONDARY PURPOSES

a) To acquire by purchase, lease, donation or otherwise and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, and to construct, improve, manage or otherwise dispose of buildings, condominiums and other structures of whatever kind, together with their appurtenances; and, to perform all and everything necessary and proper for the attainment of or in furtherance of this purpose, either alone or in association with other corporations or individuals. *(Amended as of April 30, 1999)*

b) To conduct, maintain, engage in, and carry on the business of acquiring, constructing, developing and/or operating hotels, inns, lodges, motels, resorts, leisure parks, gaming, and other tourist-oriented projects; to conduct, maintain, engage in, or carry on the business of acquiring, constructing, developing, and/or operating restaurants, cafes, bars, clubs, gardens, shops, stalls, boutiques, parlors, gyms, and other allied or similar establishments as complimentary or support services therefor; and, to acquire, operate and/or maintain transportation, shuttle, and/or ferry facilities and/or services, either by land, water or air, likewise as complimentary or support services therefor, either alone or in conjunction with others. *(Amended as of April 30, 1999)*

c) To engage in the research, development, manufacture, marketing and distribution of technology and all technology-related or derived products and/or services. *(Amended as of April 30, 1999)*

d) To carry out a general and commercial business of importing and exporting, manufacturing, processing, buying, acquiring, holding, selling, trading, distributing, or otherwise disposing of and dealing in any and all kinds of industrial, agricultural, engineering, construction, transport, kitchenwares, ovenwares, and utensils, household or office goods, materials, supplies, machineries, equipment, appliances, implements, devices, wearing apparel, clothing materials, food or grocery items, food and beverage flavors, essences, industrial oils, aromatics, fragrances, liquors, beverages, ophthalmic instruments and products, cosmetic and dermatological applications, and products of all classes and description which are within the commerce of man, as well as those similar and allied to them, at wholesale, either as principals, distributors, factors, agents or commission merchants, and to do every other thing commonly done by those conducting a similar business. *(Amended as of April 30, 1999)*

e) To promote, establish, operate, manage, own or invest in any and all kinds of business enterprises or assist or participate in the organization, merger or consolidation thereof, and in connection with such activities, to subscribe to, purchase or otherwise acquire shares of stock or other evidence of equity participation in any business enterprise, or purchase or otherwise acquire all or part of assets, franchises, concessions or goodwill of any firm, corporation or establishment as may be allowed by law.

f) To borrow money, to make and issue notes, and other evidences of indebtedness of all kinds and to secure the same by mortgage, pledge or otherwise, in amounts as the business of the *Corporation* may require.

g) **To undertake, guarantee and/or act as a guarantor or surety of the debts, liabilities, obligations, or loans of a subsidiary or affiliate corporation, and mortgage, pledge, or encumber the properties and assets of the Corporation to secure the obligations of such subsidiary or affiliate. *(Amended as of 13 May 2024)***

THIRD : That the place where the principal office of the *Corporation* is to be established or located is at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634, Metro Manila, Philippines (AMENDED AS OF 14 APRIL 2014, 20 JUNE 2014, 08 JUNE 2017 and 16 JUNE 2017);

FOURTH: That the term for which said *Corporation* is to exist is fifty (50) years from and after the date of its incorporation;

FIFTH: That the names, nationalities and the addresses of the incorporators of said *Corporation* are as follows, to wit:

ANDREW (CHONG BUAN) L. TAN	Filipino
KATHERINE L. TAN	Filipino
ELIZABETH DE JESUS	Filipino
ANITA C. LIM	Filipino
MANUEL L. GALANG	Filipino

SIXTH: That the number of Directors of said *Corporation* shall be seven (7) and that the names and residences of the first Directors of the Corporation who are to serve until their successors are elected and qualified as provided in the By-Laws are as follows, to wit : *(Amended as of April 30, 1999)*

ANDREW (CHONG BUAN) L. TAN	Filipino
KATHERINE L. TAN	Filipino
ELIZABETH DE JESUS	Filipino
ANITA C. LIM	Filipino
MANUEL L. GALANG	Filipino

SEVENTH: That the authorized capital stock of the Corporation is **FORTY-FIVE BILLION SEVEN HUNDRED MILLION PESOS (PhP45,700,000,000),** Philippine Currency, divided into **FORTY-FIVE BILLION SIX HUNDRED FORTY MILLION (45,640,000,000)** common shares with par value of One Peso (PhP1.00) per share and SIX BILLION (6,000,000,000) voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of One Centavo (PhP0.01) per share. Preferred shares shall have preference over common shares in case of liquidation or dissolution of the Corporation. ***(Amended as of 13 May 2024)***

Preferred shares may be issued from time to time in one or more series as the Board of Directors may determine, and authority is hereby expressly granted to the Board of Directors to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate, issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares and no dividends shall be declared or paid on the common shares unless the full accumulated dividends on all preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the *Corporation*. Preferred shares of each and any series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in this Article Seventh, the specific terms and restrictions of each series of preferred shares shall be specified in such resolution(s) as may be adopted by the Board of Directors prior to the issuance of each of such series (the "Enabling Resolutions"), which resolution(s) shall thereupon be deemed a part of these Amended Articles of Incorporation upon approval by the Securities and Exchange Commission. *(Amended as of 31 January 2007 and 27 June 2007)*

EIGHTH: That the amount of capital stock which has been actually subscribed is ONE HUNDRED TWENTY-FIVE MILLION PESOS (PhP125,000,000.00), Philippine currency, and the following persons have subscribed for the number of shares and amount of capital stock set out after their respective names:

Name	*Residence*	*Number of Shares*	*Amount of Capital Stock Subscribed*
ANDREW (CHONG BUAN) L. TAN		119,818,000	PhP119,818,000.00
KATHERINE L. TAN		102,000	102,000.00

ELIZABETH DE JESUS	20,000	20,000.00
ANITA C. LIM	50,000	50,000.00
MANUEL L. GALANG	000,010,000	PhP000,010,000.00
THE ANDRESONS GROUP, INC.	005,000,000	PhP005,000,000.00
Total -	125,000,000	PhP125,000,000.00

NINTH: That the following persons have paid on the shares of capital stock for which they have subscribed, the amounts set out after their respective names, to wit:

ANDREW (CHONG BUAN) L. TAN	PhP29,954,500.00
KATHERINE L. TAN	PhP00,025,500.00
ELIZABETH DE JESUS	PhP00,005,000.00
ANITA C. LIM	PhP00,012,500.00
MANUEL L. GALANG	PhP00,002,500.00
THE ANDRESONS GROUP, INC.	PhP01,250,000.00
Total -	PhP31,250,000.00

TENTH: That KATHERINE L. TAN has been elected as Treasurer of the *Corporation*; to act as such until her successor is duly elected and qualified in accordance with the By-Laws; and that as such Treasurer, she has been authorized to receive for the *Corporation* and to receive in its name for all the subscriptions paid by the said subscribers.

ELEVENTH: Directors and all other officers of said *Corporation* shall receive such compensation as the stockholders and the Board of Directors may provide, respectively.

TWELFTH: That no transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock shall be allowed to be recorded in the proper books of the *Corporation* and that this restriction shall be indicated in all the stock certificates issued by the *Corporation*. Furthermore, all stockholders of the *Corporation* shall not enjoy any pre-emptive right to subscribe to any issue or disposition of shares of any class of the *Corporation*. *(Amended as of March 26, 1996)*

IN WITNESS WHEREOF, we have hereunto set our hands this 16th day of August 1989 in Quezon City, Metro Manila, Philippines.

(Sgd.) ANDREW (CHONG BUAN) L. TAN - *spouses* - *(Sgd.)* KATHERINE L. TAN

(Sgd.) ELIZABETH DE JESUS *(Sgd.)* ANITA C. LIM

(Sgd.) MANUEL L. GALANG

Signed in the presence of:

1. *(Sgd.)* Illegible 2. *(Sgd.)* Illegible

A C K N O W L E D G M E N T

Republic of the Philippines)
Quezon City, Metro Manila) S.S.

On the 16th day of August 1989 before me, a Notary Public for and in Quezon City, Metro Manila, Philippines personally appeared :

ANDREW (CHONG BUAN) L. TAN

KATHERINE L. TAN

ELIZABETH DE JESUS

ANITA C. LIM

MANUEL L. GALANG

known to me and to me known to be the same persons whose names are subscribed and who executed the foregoing Articles of Incorporation and each of them acknowledged to me that he/she voluntarily executed the same.

WITNESS MY HAND AND SEAL.

(Sgd.) RAMON J. MASAGANDA
Notary Public
Until December 31, 1989

Doc. No. 540;
Page No. 108;
Book No. 1;
Series of 1989.

SECURITIES AND EXCHANGE COMMISSION
CRMD
26 JUL 2024
RECEIVED
By: Time:

CERTIFICATE OF AMENDMENT OF THE AMENDED ARTICLES OF INCORPORATION OF MEGAWORLD CORPORATION

WE, the Chairman of the Board, the Corporate Secretary and at least a majority of the members of the Board of Directors of **MEGAWOLD CORPORATION** (the "Corporation"), a corporation organized an existing under Philippine laws with principal office at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, do hereby certify that:

1. On **25 March 2024**, at least a majority of the members of the Board of Directors of the Corporation approved the amendment of the Second and Seventh Articles of the Corporation's Amended Articles of Incorporation as follows:

a) The Amended Second Article shall henceforth read as follows:

SECOND: That the purposes for which said Corporation is formed are:

PRIMARY PURPOSE

x x x x x x x x x

SECONDARY PURPOSES

x x x x x x x x x

f) To borrow money, to make and issue notes, and other evidences of indebtedness of all kinds and to secure the same by mortgage, pledge or otherwise, in amounts as the business of the Corporation may require.

g) To undertake, guarantee and/or act as a guarantor or surety of the debts, liabilities, obligations, or loans of a subsidiary or affiliate corporation, and mortgage, pledge, or encumber the properties and assets of the Corporation to secure the obligations of such subsidiary or affiliate. ***(Amended as of 13 May 2024)***

b) The Amended Seventh Article shall henceforth read as follows:

SEVENTH: That the authorized capital stock of the Corporation is **FORTY-FIVE BILLION SEVEN HUNDRED MILLION PESOS (PhP45,700,000,000),** Philippine Currency, divided into **FORTY-FIVE BILLION SIX HUNDREDFORTY MILLION (45,640,000,000)** common shares with par value of One Peso (PhP1.00) per share and SIX

BILLION (6,000,000,000) voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of One Centavo (PhP0.01) per share. Preferred shares shall have preference over common shares in case of liquidation or dissolution of the Corporation. ***(Amended as of 13 May 2024)***

xxx xxx xxx

2. On **13 May 2024**, during the Annual Meeting of the Corporation's stockholders conducted through remote communication, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation ratified the said amendments to the Second and Seventh Articles of the Corporation's Amended Articles of Incorporation.

3. The amendment to the Second and Seventh Articles of the Corporation's Amended Articles of Incorporation are embodied in the attached true and correct copy of the Corporation's Amended Articles of Incorporation.

[signature page follows]

IN WITNESS WHEREOF, we have hereunto affixed our signatures this _____ at Taguig City, Metro Manila, Philippines.

JUL 0 4 2024

ANDREW L. TAN
Chairman of the Board

ANNA MICHELLE T. LLOVIDO
Corporate Secretary

KATHERINE L. TAN
Director

LOURDES T. GUTIERREZ-ALFONSO
Director

ENRIQUE SANTOS L. SY
Director

CRESENCIO P. AQUINO
Director

JESUS B. VARELA
Director

ALEJO L. VILLANUEVA, JR.
Director

Republic of the Philippines)
)S.S.

SUBSCRIBED AND SWORN to before me this JUL 04 2024 at QUEZON CITY, QUEZON CITY, Philippines, affiants exhibited to me their valid identifications, to wit:

Name	Valid ID
Andrew L. Tan	
Anna Michelle T. Llovido	
Katherine L. Tan	
Lourdes T. Gutierrez-Alfonso	
Enrique Santos L. Sy	
Cresencio P. Aquino	
Alejo L. Villanueva, Jr.	
Jesus B. Varela	

Doc. No. 226
Page No. 49
Book No. XLV-10
Series of 2024.

ATTY. ROGELIO J. BOLIVAR
Notary Public
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33332 / TIN # 129-871-009-000
MCLE No. 7&8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

Republic of the Philippines)
) S.S.

SECRETARY'S CERTIFICATE

I, **ANNA MICHELLE T. LLOVIDO**, of legal age, Filipino, with office address at 7th Floor, 1880 Eastwood Ave., Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, C5 Road, Bagumbayan, Quezon City, after having been sworn in accordance with law, hereby depose and state, that:

1. I am the duly elected and qualified Corporate Secretary of **MEGAWORLD CORPORATION** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Metro Manila, Philippines.

2. I certify that to the best of my knowledge, no action or proceeding has been filed or is pending before any court involving an intra-corporate dispute and/or any claim by any person or group against the Board of Directors, individual director and/or major corporate officers of the Corporation as its duly elected and/or appointed director or officer, or vice versa.

[signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this JUL 04 in QUEZON CITY.

ANNA MICHELLE T. LLOVIDO
Corporate Secretary

JUL 04 2024

SUBSCRIBED AND SWORN to before me this _____ at _____, Philippines, affiant exhibiting to me her

Notary Public

Doc. No. 220
Page No. 94
Book No. XLVI
Series of 2024

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 180815 & IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-009-000
MCLE No. 7&8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village
Bel-Air, Makati City, 1209

Sir/Madam:

In connection with the application of **MEGAWORLD CORPORATION** (the "Company") for increase in its authorized capital stock, the undersigned hereby declare under oath the following:

(1) That all information and representations contained in the submitted application and its supporting documents are true and correct;

(2) That the verification procedure required by the Securities and Exchange Commission ("Commission") was conducted by an independent auditor who issued a report thereon in accordance with the auditing standards in force;

(3) That the items/accounts subject of the application are authorized, valid and legal; and

(4) That the shares of stock to be issued from the increase in capital stock are not watered.

The Management hereby authorizes the Commission to examine anytime, even after approval of the application, the Company's books of accounts and records to determine the validity and accuracy of the transaction.

LOURDES T. GUTIERREZ-ALFONSO
President

FRANCISCO C. CANUTO
Treasurer

JUL 04 2024

SUBSCRIBED AND SWORN to before me this _____ at QUEZON CITY, Philippines, affiants exhibiting to me their respective competent evidence of identitys, to wit:

Name	T.I.N. ID
Lourdes T. Gutierrez-Alfonso	[illegible]
Francisco C. Canuto	[illegible]

Doc. No. 223
Page No. 67
Book No. XIII A
Series of 2024.

ATTY. ROGELIO J. BOLIVAR
Notary Public
NOTARY PUBLIC IN QUEZON CITY
Commission No. [illegible] No. NP 549 (2023-2024)
IBP O.R. No. [illegible] IBP O.R. No. 163816 2024
PTR O.R. No. 4127[illegible] No. 89832 / TIN # 102 871-009-000
MCLE No. 7 & 5 [illegible] APRIL 15, 2023 UNTIL APRIL 14, 2025
Address: 31-F Harvard St. Cubao, Q.C.

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Certified Public Accountants on the Conduct and Result of the Required Verification Procedures

To the Securities and Exchange Commission (the Commission):

In connection with the application of **Megaworld Corporation** (the Company) for the increase in its authorized capital stock, the undersigned hereby declares:

(1) That, as an external auditor engaged by the said Company, we have conducted the verification procedures required under Section 2 of the SEC Memorandum Circular No. 6 (Series of 2008), *Guidelines on On-site Verification of Financial Records Relative to Certain Applications Filed with the Commission*, and in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements;* and,

(2) That since the foregoing engagement does not involve an audit or review of the Company's financial statements but only the conduct of a set of agreed-upon procedures and issuance of a report of the factual findings thereon, we gave a "no assurance" statement in our report dated July 4, 2024 attached to this letter. We understand, however, that the "no assurance" statement in the report does not exempt us from responsibility over the conduct of the said procedures and the factual findings stated therein.

Very truly yours,

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 4, 2024

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors on Factual Findings

The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

At you request, we have performed the procedures agreed upon with you and enumerated below with respect to the verification of the actual amount of cash received by **Megaworld Corporation** (the Company) from its shareholder (the Subscriber) as subscription payment to the increase in authorized capital stock of the Company.

Our engagement was undertaken in accordance with Philippine Standard on Related Services 4400 (Revised), *Agreed-Upon Procedures Engagements*. The procedures were performed in compliance with the requirements of the Philippine Securities and Exchange Commission (SEC) as prescribed in SEC Memorandum Circular No. 6 (Series of 2008), *Guidelines on On-site Verification of Financial Records Relative to Certain Applications Filed with the Commission*.

The procedures we performed are as follows:

Payment of cash on subscription

1. Obtained from the Company a schedule of cash received as deposits for subscription on the proposed increase in capital stock, which shows the following information:
    a. date recorded in the books,
    b. name of subscriber,
    c. amount of cash received; and,
    d. form of payment

2. Checked the mathematical accuracy of the Company's schedule;

3. Compared the balance of the deposits for subscription to the general ledger;

4. Traced the cash received as deposits for subscription to the cash receipts book;

5. Obtained a copy of the minutes of the meetings of the Board of Directors (BOD) and stockholders approving the increase in capital stock of the Company;

6. Compared the amount received from the Subscriber to the duplicate copy of the official receipts;

7. Traced the amounts received to the bank-validated deposit slips and, for check payments, trace the amounts to the bank statement;

8. Inspected all entries in the cash disbursement book of the Company for any prior disbursements made to the Subscriber that can be linked to or associated with the Subscriber's payments for subscriptions;

9. Inspected all entries in the cash disbursements book of the Company for any subsequent disbursements, advances or loans granted to the Subscriber;

10. Conducted a cash count of the funds of the Company as of the date of examination and work back up to the month immediately preceding the date of the meeting when the stockholders approved the increase in the authorized capital stock of the Company;

11. Obtained a summary of the cash in the bank account of the Company and bank reconciliation statement as of the end of the month immediately preceding the submission of the application; and,

12. Checked the mathematical accuracy of the summary and the bank reconciliation statements; traced the receipts and disbursements and other transactions in the summary and bank reconciliation statements to the entries in the general ledger; and compared the balances shown in the summary and bank reconciliation statements with the balances per books and bank statements.

We report our findings below.

Payment of cash on subscriptions

1. With respect to procedures 1, 2 and 3, we noted that the Company's cash totalling P2,557,500,000, as represented by the Company to have been received as deposit on future stock subscription, tied up with the balance of Deposit on Future Stock Subscription account recorded in its books as of July 4, 2024.

   This entire sum originated exclusively from Alliance Global Group Inc., which subscription was approved by the Company's BOD at its meeting held on May 16, 2024. The full amount of P2,557,500,000 was received, and recorded on May 16, 2024, and is recorded in the books as Deposit on Future Stock Subscription account. See Annex A for the copy of the official receipt.

2. With respect to procedures 4, 6 and 7, we have traced the amount received to the cash receipts books and validated deposit slips. The aggregate amount of P2,557,500,000 was directly deposited to the Company's Philippine Peso current account with BDO Unibank, Inc., with an account number of 01-233-800092-9. This was traced to the bank statement as duly deposited on May 14, 2024.

3. With respect to procedure 5, we noted that the BOD in their meeting dated March 25, 2024 approved the increase in the authorized capital stock from P40,200,000,000, divided into 40,140,000,000 common shares with par value of P1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of P0.01 per share to P45,700,000,000, divided into 45,640,000,000 common shares with par value of P1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of P0.01 per share. This approval was subsequently ratified by the stockholders during their meeting on May 13, 2024.

4. With respect to procedures 8 and 9, the Company's cash disbursements book from January 1, 2024 to May 31, 2024 did not contain cash disbursements to the Subscriber prior to and after subscription that can be linked or associated with the Subscriber's return of its subscriptions, subsequent disbursements, and advances or loans granted to the Subscriber.

5. With respect to procedure 10, the cash infusion was directly deposited to the Company's Philippine Peso current account with BDO Unibank, Inc., with an account number of 01-233-800092-9; hence, cash count was not feasible.

6. With respect to procedures 11 and 12, the cash in bank balances reported in the Company's bank reconciliation statements were properly traced to related passbooks and bank statements. The transactions and balances of the bank reconciliation statements agree with the general ledger and the Company's books of accounts. There were no reconciling items noted in the bank reconciliation statements. There were no exceptions noted as to the procedures performed.

The above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively. Accordingly, we do not express any assurance on the elements of the financial statements covered by the agreed-upon procedures.

Had we performed additional procedures or had we performed an audit or review of the Company's financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified herein, and do not extend to any financial statements of the Company taken as a whole.

Very truly yours,

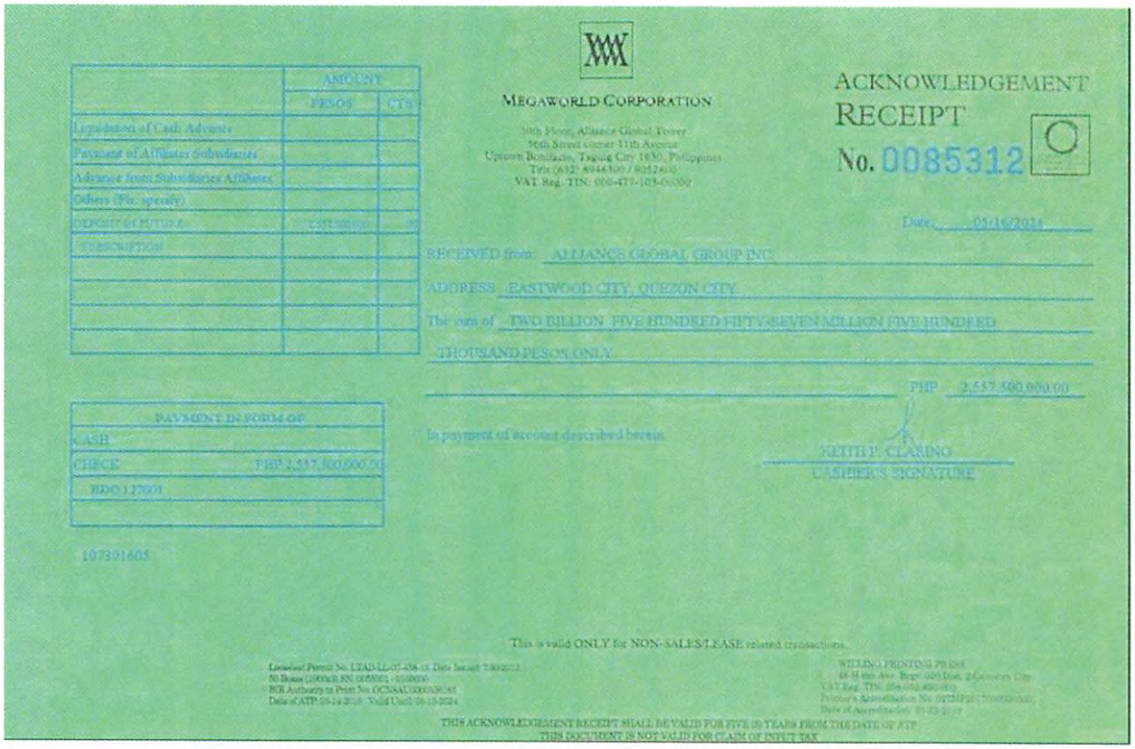
PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

July 4, 2024

Annex A: Copy of the Official Receipt



	AMOUNT	
	PESOS	CTS
Liquidation of Cash Advance		
Payment of Affiliates Subsidiaries		
Advance from Subsidiaries Affiliates		
Others (Pls. specify)		
DEPOSIT or FUTURE	2,537,500,000	00
SUBSCRIPTION		

MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City 1630, Philippines
Tel: (632) 8944 8000 / 8952 8000
VAT Reg. TIN: 000-477-103-00000

ACKNOWLEDGEMENT RECEIPT

No. 0085312

Date: 05/16/2024

RECEIVED from: ALLIANCE GLOBAL GROUP INC

ADDRESS: EASTWOOD CITY, QUEZON CITY

The sum of: TWO BILLION FIVE HUNDRED FIFTY-SEVEN MILLION FIVE HUNDRED THOUSAND PESOS ONLY

PHP 2,537,500,000.00

In payment of account described herein

KEITH P. CLARINO
CASHIER'S SIGNATURE

PAYMENT IN FORM OF	
CASH	
CHECK	PHP 2,537,500,000.00
BDO 127001	

107301605

This is valid ONLY for NON-SALES/LEASE related transactions.

Licensed Permit No. LTAD-LL-07-456-18, Date Issued: 7/30/2018
50 Books (100x2) SN: 0085001 - 0086000
BIR Authority to Print No. OCN9AU1000030-93
Date of ATP: 05-14-2024 Valid Until: 05-15-2024

WILLING PRINTING PRESS
66-B Roo Ave. Brgy. Sto Domingo, Quezon City
VAT Reg. TIN: 004-[illegible]
Printer's Accreditation No. 07[illegible]
Date of Accreditation: 07-[illegible]

THIS ACKNOWLEDGEMENT RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.
THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAX

ANNEX "B"

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messagemo@sec.gov.ph

The following document has been received:

Receiving: Jojit Licudine
Receipt Date and Time: July 16, 2025 05:58:16 PM

Company Information

SEC Registration No.: 0000167423
Company Name: MEGAWORLD CORPORATION
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10716202583609148
Document Type: GENERAL_INFORMATION_SHEET
Document Code: GIS
Period Covered: June 20, 2025
Submission Type: Annual Meeting
Remarks: None

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

GENERAL INFORMATION SHEET (GIS)

FOR THE YEAR 2025

STOCK CORPORATION

GENERAL INSTRUCTIONS:

1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE **CORPORATE SECRETARY** OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE
6. **ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.**
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: MEGAWORLD CORPORATION	**DATE REGISTERED:** August 24, 1989
BUSINESS/TRADE NAME: MEGAWORLD CORPORATION	**FISCAL YEAR END:** December 31
SEC REGISTRATION NUMBER: 167423	
DATE OF ANNUAL MEETING PER BY-LAWS: 3rd Friday of June	**CORPORATE TAX IDENTIFICATION NUMBER (TIN)** 000-477-103
ACTUAL DATE OF ANNUAL MEETING: June 20, 2025	**WEBSITE/URL ADDRESS:** www.megaworldcorp.com
COMPLETE PRINCIPAL OFFICE ADDRESS: 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, 1634, Metro Manila, Philippines	**E-MAIL ADDRESS:** N.A.
COMPLETE BUSINESS ADDRESS: 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, 1634, Metro Manila, Philippines	**FAX NUMBER:** N.A.

OFFICAL EMAIL ADDRESS	ALTERNATE E-MAIL ADDRESS	OFFICIAL MOBILE NO.	ALTERNATE MOBILE NO.
corporatesecretary@megaworldcorp.com	cacd.compliance@gmail.com	09453178757	09453178686

NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER: PUNONGBAYAN & ARAULLO - JOHN ENDEL S. MATA	**SEC ACCREDITATION NUMBER (if applicable):** Partner No. 121-347-SEC Firm No. 0002	**TELEPHONE NUMBER(S):** 8894-6300
PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN: Real Estate	**INDUSTRY CLASSIFICATION:** Real Estate	**GEOGRAPHICAL CODE:** n/a

========== INTERCOMPANY AFFILIATIONS ==========

(As of 31 December 2024)

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
ALLIANCE GLOBAL GROUP, INC.	AS093-7946	7/F 1880 Eastwood Ave., Eastwood City CyberPark, 188 E. Rodriguez Ave., Quezon City
SUBSIDIARY/AFFILIATE	**SEC REGISTRATION NO.**	**ADDRESS**
1.) MEGAWORLD LAND, INC.	AS094004733	19th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
2.) PRESTIGE HOTELS & RESORTS, INC.	A1999-00203	Richmonde Hotel Ortigas, #21 San Miguel Ave. cor. Lourdes St., Ortigas Centre, Pasig City
3.) MACTAN OCEANVIEW PROPERTIES AND HOLDINGS, INC.	C199600211	2/F One World Center, The Mactan Newtown Center, Mactan, Lapu- Lapu City
4.) MEGAWORLD CAYMAN ISLANDS, INC.	AS75706	P.O. Box 309 Ugland House, Grand Cayman, KY1-1104, Cayman Islands

NOTE: USE ADDITIONAL SHEET IF NECESSARY

SUBSIDIARIES REG. NO.	COMPANY NAME AND ADDRESS
5.) IBC500853/CAP.291	**RICHMONDE HOTEL GROUP INTERNATIONAL LIMITED** Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
6.) A1999-17031	**EASTWOOD CYBER ONE CORPORATION** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
7.) A2002-01952	**MEGAWORLD CEBU PROPERTIES, INC.** 19th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
8.) CS2003-22370	**MEGAWORLD NEWPORT PROPERTY HOLDINGS, INC.** Newport City, Manlunas St., Villamor Air Base, Pasay City
9.) CS2006-12883	**MEGAWORLD OCEANTOWN PROPERTIES, INC.** 20/F IBM Plaza Bldg., 8 Eastwood Ave., Eastwood City CyberPark, Bagumbayan, Q.C.
10.) A1996-10846	**MEGAWORLD-DAEWOO CORPORATION** G/F Olympic Heights Condominium, Orchard Road, Eastwood City CyberPark, Bagumbayan, Q.C.
11.) CS-2005-15222	**MEGAWORLD CENTRAL PROPERTIES, INC.** 2nd Floor Tower 2. Kasara Urban Resort Residences, P.E. Antonio St., Barangay Ugong, Pasig City
12.) CS2007-06432	**MEGAWORLD RESORT ESTATES, INC.** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
13.) A200205048	**INTEGRATED TOWN MANAGEMENT CORPORATION** Ground Floor, 331 Building, 331 Sen. Gil Puyat Ave., Makati City
14.) AS095-002739	**MEGAWORLD GLOBUS ASIA, INC.** G/F Park Tower, Tomas Mapua St., Sta. Cruz, Manila
15.) A1996-05030	**PIEDMONT PROPERTY VENTURES, INC.** Ground Floor, 331 Building, Senator Gil Puyat Avenue, Barangay Bel-Air, Makati City
16.) A1996-04647	**STREAMWOOD PROPERTY, INC.** Ground Floor, 331 Building, Senator Gil Puyat Avenue, Barangay Bel-Air, Makati City
17.) A1996-4690	**STONEHAVEN LAND, INC.** Ground Floor, 331 Building, Senator Gil Puyat Avenue, Barangay Bel-Air, Makati City
18.) A1997-20806	**SUNTRUST PROPERTIES, INC.** G/F One World Square Bldg., 2 Upper McKinley Road, Fort Bonifacio, Taguig City
19.) CS2011-18013	**MANILA BAYSHORE PROPERTY HOLDINGS, INC.** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
20.) AS094-6430	**EMPIRE EAST LAND HOLDINGS, INC.** 2nd Floor Tower 2. Kasara Urban Resort Residences, P.E. Antonio St., Barangay Ugong, Pasig City
21.) CS2013-13913	**LUXURY GLOBAL HOTELS AND LEISURE, INC.** Megaworld Blvd., cor. Daytona Ave., Iloilo Business Park, Mandurriao, Iloilo City
22.) 125737	**ARCOVIA PROPERTIES, INC.** Ground Floor, 331 Building, Senator Gil Puyat Avenue, Barangay Bel-Air, Makati City
23.) 13511	**LA FUERZA, INC.** 19th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
24.) A1996-5656	**GILMORE PROPERTY MARKETING ASSOCIATES, INC.** 2nd Floor Tower 2. Kasara Urban Resort Residences, P.E. Antonio St., Barangay Ugong, Pasig City
25.) CS201418638	**GLOBAL ONE INTEGRATED BUSINESS SERVICES, INC.** 20th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
26.) CS201418325	**LUXURY GLOBAL MALLS, INC.** 20th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
27.) CS201430377	**DAVAO PARK DISTRICT HOLDINGS, INC.** Dakudao Compound, Km. 6, Lanang, Davao City
28.) PW00001495	**MEGAWORLD BACOLOD PROPERTIES, INC.** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
29.) AS94-004462	**GLOBAL-ESTATE RESORTS, INC.** 9/F Eastwood Global Plaza, Palm Tree Ave., Eastwood City, Bagumbayan, Quezon City
30.) CS201504264	**BELMONT NEWPORT LUXURY HOTELS, INC.** Belmont Newport Hotel, Newport Blvd., Newport City, Pasay City
31.) CS201508520	**GLOBAL ONE HOTEL GROUP, INC.** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
32.) CS201100034	**LANDMARK SEASIDE PROPERTIES, INC.** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
33.) CS2016-04817	**MEGAWORLD SAN VICENTE COAST, INC.** 20th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
34.) CS200502169	**SOHO CAFÉ AND RESTAURANT GROUP, INC.** Basement 1, Belmont Newport Hotel, Newport Boulevard, Newport City, Pasay City
35.) CS201615837	**MAPLE GROVE LAND, INC.** 22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
36.) CS201629111	**NORTHWIN PROPERTIES, INC.** 20th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City

37.) CS201211816	**MEGAWORLD CAPITAL TOWN, INC.**
	Capitol Boulevard, Barangay Santo Niño, City of San Fernando Pampanga
38.) CS201823593	**HOTEL LUCKY CHINATOWN, INC.**
	21 Reina Regente St., Barangay 293, Binondo, Manila
39.) CS201801986	**SAVOY HOTEL MANILA, INC.**
	Newport City, Villamor Air Base, Andrews Ave., Brgy. 183, Pasay City
40.) CS201825629	**SAVOY HOTEL MACTAN, INC.**
	Savoy Hotel Mactan Newtown, Mactan Lapu-Lapu City (Opon), Cebu City
41.) CS202000512	**KINGSFORD HOTEL MANILA, INC.**
	Bagong Nayong Filipino, Entertainment City, Tambo, Parañaque City
42.) CS202051719	**AGILE DIGITAL VENTURES, INC.**
	Roof Deck, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
43.) CS202052294	**MREIT, INC.**
	18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
44.) CS202052652	**MREIT FUND MANAGERS, INC.**
	19th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
45.) CS202008331	**MREIT PROPERTY MANAGERS, INC.**
	19th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
46.) 2022050052810-56	**BELMONT HOTEL MACTAN, INC.**
	Belmont Hotel Mactan, The Mactan Newtown, Mactan, Lapu-Lapu City (OPON), Cebu, Region VII (Central Visayas) 6015
47.) 2023090116800-27	**GRAND WESTSIDE HOTEL, INC.**
	Bagong Nayong Filipino, Entertainment City, Tambo, Parañaque City
ASSOCIATES REG. NO.	**COMPANY NAME AND ADDRESS**
1.) 10683	**SUNTRUST RESORT HOLDINGS, INC.**
	26th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
2.) CS-2005-13905	**PALM TREE HOLDINGS & DEVELOPMENT CORPORATION**
	22nd Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City
3.) A200117154	**BONIFACIO WEST DEVELOPMENT CORPORATION**
	Ground Floor,Burgos Park, Forbestown, Forbestown Road, Fort Bonifacio, Taguig City

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

Corporate Name: MEGAWORLD CORPORATION

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365) ◉ Yes ○ No

Please check the appropriate box:

1.

- ☐ a. Banks
- ☐ b. Offshore Banking Units
- ☐ c. Quasi-Banks
- ☐ d. Trust Entities
- ☐ e. Non-Stock Savings and Loan Associations
- ☐ f. Pawnshops
- ☐ g. Foreign Exchage Dealers
- ☐ h. Money Changers
- ☐ i. Remittance Agents
- ☐ j. Electronic Money Issuers
- ☐ k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

2.

- ☐ a. Insurance Companies
- ☐ b. Insurance Agents
- ☐ c. Insurance Brokers
- ☐ d. Professional Reinsurers
- ☐ e. Reinsurance Brokers
- ☐ f. Holding Companies
- ☐ g. Holding Company Systems
- ☐ h. Pre-need Companies
- ☐ i. Mutual Benefit Association
- ☐ j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.

- ☐ a. Securities Dealers
- ☐ b. Securities Brokers
- ☐ c. Securities Salesman
- ☐ d. Investment Houses
- ☐ e. Investment Agents and Consultants
- ☐ f. Trading Advisors
- ☐ g. Other entities managing Securities or rendering similar services
- ☐ h. Mutual Funds or Open-end Investment Companies
- ☐ i. Close-end Investment Companies
- ☐ j. Common Trust Funds or Issuers and other similar entities
- ☐ k. Transfer Companies and other similar entities
- ☐ l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
- ☐ m. Entities administering of otherwise dealing in valuable objects
- ☐ n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

4. ☐ Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. ☐ Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:

- ☐ a. acting as a formation agent of juridical persons
- ☐ b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons
- ☐ c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
- ☐ d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:

- ☐ a. managing of client money, securities or other assets
- ☐ b. management of bank, savings or securities accounts
- ☐ c. organization of contributions for the creation, operation or management of companies
- ☐ d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. ☑ None of the above

Describe nature of business:	**Real Estate**

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS? ◉ Yes ○ No

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: MEGAWORLD CORPORATION

CAPITAL STRUCTURE (AS OF May 31, 2025)

AUTHORIZED CAPITAL STOCK

	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP) (No. of shares X Par/Stated Value)
	COMMON	45,640,000,000	1.00	45,640,000,000.00
	PREFERRED	6,000,000,000	0.01	60,000,000.00
	TOTAL	51,640,000,000	TOTAL P	45,700,000,000.00

SUBSCRIBED CAPITAL (NET OF TREASURY SHARES)

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	2,320	COMMON	29,986,238,472		1.00	29,986,238,472.00	78%
	1	PREFERRED	6,000,000,000		0.01	60,000,000.00	16%
		TOTAL	35,986,238,472	TOTAL	TOTAL P	30,046,238,472.00	93%

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	39	COMMON	2,572,013,400		1.00	2,572,013,400.00	7%
Percentage of Foreign Equity :		TOTAL	2,572,013,400	TOTAL	TOTAL P	2,572,013,400.00	
TOTAL SHARES SUBSCRIBED:			38,558,251,872	TOTAL SUBSCRIBED P		32,618,251,872.00	100%

PAID-UP CAPITAL (NET OF TREASURY SHARES)

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	2,320	COMMON	29,986,238,472	1.00	29,986,238,472.00	78%
	1	PREFERRED	6,000,000,000	0.01	60,000,000.00	16%
		TOTAL	35,986,238,472	TOTAL P	30,046,238,472.00	93%

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	39	COMMON	2,572,013,400	1.00	2,572,013,400.00	7%
		TOTAL	2,572,013,400	TOTAL P	2,572,013,400.00	
TOTAL SUBSCRIBED AND PAID UP			38,558,251,872	TOTAL PAID-UP P	32,618,251,872.00	100%

NOTE: USE ADDITIONAL SHEET IF NECESSARY

* Common, Preferred or other classification

** Other than Directors, Officers, Shareholders owning 10% of outstanding shares.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: MEGAWORLD CORPORATION

DIRECTORS / OFFICERS
(As of 20 June 2025)

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. ANDREW L. TAN		Y	C	M	Y	n/a	E/C	
2. LOURDES T. GUTIERREZ-ALFONSO		N	M	F	Y	President and Chief Executive Officer	E/M S/M	
3. KEVIN ANDREW L. TAN		N	M	M	Y	Executive Director	S/C	
4. ENRIQUE SANTOS L. SY		N	M	M	Y	n/a	BROC/M RPTC/M	
5. CRESENCIO P. AQUINO		N	I	M	Y	Lead Independent Director	E/M A/M CGC/C BROC/M RPTC/C	
6. MA. MILAGROS C. YUHICO		N	I	F	Y	n/a	A/C CGC/M S/M	
7. ALEJO L. VILLANUEVA, JR.		N	I	M	Y	n/a	A/M CGC/M BROC/C RPTC/M	
8. FRANCISCO C. CANUTO		N	n/a	M	Y	Senior Vice President, Chief Finance Officer, Treasurer, Chief Audit Executive, Compliance Officer, and Corporate Information Officer	n/a	
9. NOLI D. HERNANDEZ		N	n/a	M	N	Executive Vice President for Sales and Marketing	n/a	
10. GIOVANNI C. NG		N	n/a	M	N	Senior Vice President and Finance Director	n/a	
11. MARIA VICTORIA M. ACOSTA		N	n/a	F	N	Executive Vice President and Managing Director for International Marketing	n/a	
12. MARIA CARLA T. UYKIM		N	n/a	F	N	Head of Corporate Advisory and Compliance Division	n/a	
13. RAFAEL ANTONIO S. PEREZ		N	n/a	M	N	Head of Human Resources and Corporate Administration Division	n/a	

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE. "M" FOR MALE.
FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.
FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.
FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.
FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER. FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.
FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET

STOCK CORPORATION

==========PLEASE PRINT LEGIBLY==========

CORPORATE NAME: MEGAWORLD CORPORATION

DIRECTORS / OFFICERS

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
14. GRAHAM M. COATES		N	n/a	M	N	Head of Megaworld Lifestyle Malls	n/a	
15. JENNIFER L. ROMUALDEZ		N	n/a	F	N	Head of Operations Division	n/a	
16. KIMBERLY HAZEL A. STA. MARIA		N	n/a	F	N	Assistant Vice President for Corporate Communications and Advertising	n/a	
17. MA. MELODY IBAÑEZ-GARCIA		N	n/a	F	N	Chief Risk Officer	n/a	
18. LINO P. VICTORIOSO, JR.		N	n/a	M	N	Data Protection Officer	n/a	
19. ANNA MICHELLE T. LLOVIDO		N	n/a	F	N	Corporate Secretary	n/a	
20. NELILEEN S. BAXA		N	n/a	F	N	Assistant Corporate Secretary	n/a	
NOTHING FOLLOWS --------								

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.
FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.
FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.
FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.
FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER. FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.
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GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME:	MEGAWORLD CORPORATION
TOTAL NUMBER OF STOCKHOLDERS: 2,359 (Common) 1 (Preferred)	NO. OF STOCKHOLDERS WITH 1,000 OR MORE SHARES EACH: 2,016
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:	Php 371,676,739,763

STOCKHOLDER'S INFORMATION (As of May 31, 2025)

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP*		
1. ALLIANCE GLOBAL GROUP, INC.	Common	17,552,276,059	17,552,276,059.00	45.52%	17,552,276,059.00	003-831-302
Filipino	Preferred	6,000,000,000	60,000,000	15.56%	60,000,000.00	
7th Floor, 1880, Eastwood Avenue Eastwood City CyberPark, 188 E. Rodriguez, Jr. Ave. Bagumbayan, Quezon City	TOTAL	23,552,276,059	17,612,276,059.00	61.08%	17,612,276,059.00	
2. PCD NOMINEE CORPORATION*	Common	5,763,942,156	5,763,942,156.00	14.95%	5,763,942,156.00	004-710-690-000
Filipino						
37/F Tower I, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	TOTAL	5,763,942,156	5,763,942,156.00			
3. NEW TOWN LAND PARTNERS, INC.	Common	5,668,530,324	5,668,530,324.00	14.70%	5,668,530,324.00	005-620-164
Filipino						
26th Floor, Alliance Global Tower. 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City	TOTAL	5,668,530,324	5,668,530,324.00			
4. PCD NOMINEE CORPORATION	Common	2,559,343,667	2,559,343,667.00	6.64%	2,559,343,667.00	004-710-690-000
Non-Filipino						
37/F Tower I, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	TOTAL	2,559,343,667	2,559,343,667.00			
5. FIRST CENTRO, INC.	Common	873,012,500	873,012,500.00	2.26%	873,012,500.00	003-978-174
Filipino						
7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	TOTAL	873,012,500	873,012,500.00			
6. SIMON LEE SUI HEE	Common	8,845,200	8,845,200.00	0.02%	8,845,200.00	
	TOTAL	8,845,200	8,845,200.00			
SUB-TOTAL:		38,425,949,906				
SUB-TOTAL AMOUNT OF SUBSCRIBED CAPITAL:			32,485,949,906.00	99.66%		
SUB-TOTAL AMOUNT OF PAID-UP CAPITAL:					32,485,949,906.00	

*Net of treasury shares lodged with PCD Nominee Corporation

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY =====

CORPORATE NAME:	MEGAWORLD CORPORATION		
TOTAL NUMBER OF STOCKHOLDERS:	2,359 (Common) 1 (Preferred)	NO. OF STOCKHOLDERS WITH 1,000 OR MORE SHARES EACH:	2016
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:		Php 371,676,739,763	

STOCKHOLDER'S INFORMATION (As of May 31, 2025)

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
7. OCBC SECURITIES PHILS., INC. FAO: SANTIAGO I. TANCHAN, IR. Filipino Unit 2502-A Phil. Stock Exchange Centre, Pasig City	Common	7,371,000	7,371,000.00	0.02%	7,371,000.00	003-675-258
	TOTAL	7,371,000	7,371,000.00			
8. LUISA CO LI	Common	5,525,697	5,525,697.00	0.01%	5,525,697.00	
	TOTAL	5,525,697	5,525,697.00			
9. EVANGELINE R. ABDULLAH	Common	5,400,000	5,400,000.00	0.01%	5,400,000.00	
	TOTAL	5,400,000	5,400,000.00			
10. JASPER KARL TANCHAN ONG	Common	5,370,300	5,370,300.00	0.01%	5,370,300.00	
	TOTAL	5,370,300	5,370,300.00			
11. WINSTON S. CO	Common	5,180,760	5,180,760.00	0.01%	5,180,760.00	
	TOTAL	5,180,760	5,180,760.00			
12. LUIS U. ANG and/or TERESA W. ANG	Common	4,000,000	4,000,000.00	0.01%	4,000,000.00	
	TOTAL	4,000,000	4,000,000.00			
13. LUIS ANG and/or LISA ANG	Common	3,785,532	3,785,532.00	0.01%	3,785,532.00	
	TOTAL	3,785,532	3,785,532.00			
SUB-TOTAL:		36,633,289	36,633,289.00			
SUB-TOTAL AMOUNT OF SUBSCRIBED CAPITAL :				0.10%		
SUB-TOTAL AMOUNT OF PAID-UP CAPITAL					36,633,289.00	

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME:	MEGAWORLD CORPORATION		
TOTAL NUMBER OF STOCKHOLDERS:	2,359 (Common) 1 (Preferred)	NO. OF STOCKHOLDERS WITH 1,000 OR MORE SHARES EACH:	2016
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:		Php 371,676,739,763	

STOCKHOLDER'S INFORMATION (As of May 31, 2025)

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
14. LUCIO W. YAN	Common	3,780,000	3,780,000.00	0.01%	3,780,000.00	
	TOTAL	3,780,000	3,780,000.00			
15. ALBERTO MENDOZA &/OR JEANIE C. MENDOZA	Common	2,587,454	2,587,454.00	0.01%	2,587,454.00	
	TOTAL	2,587,454	2,587,454.00			
16. LUIS U. ANG &/or LIZA W. ANG	Common	2,529,345	2,529,345.00	0.01%	2,529,345.00	
	TOTAL	2,529,345	2,529,345.00			
17. NELSON O. KU	Common	2,520,000	2,520,000.00	0.01%	2,520,000.00	
	TOTAL	2,520,000	2,520,000.00			
18 KATHERINE L. TAN	Common	1,891,632	1,891,632.00	2.40%	1,891,632.00	
	TOTAL	1,891,632	1,891,632.00			
19. ABOITIZ EQUITIZ & VENTURES Filipino 110 Legaspi Street, Legaspi Village. Makati City	Common	1,842,750	1,842,750.00	2.34%	1,842,750.00	145-257-783
	TOTAL	1,842,750	1,842,750.00			
20. ROBERTO OCAMPO KU	Common	1,800,000	1,800,000.00	0.00%	1,800,000.00	
	TOTAL	1,800,000	1,800,000.00			
21. OTHERS	Common	78,717,496	78,717,496.00	0.20%	78,717,496	
	SUB-TOTAL	95,668,677	95,668,677.00	0.25%	95,668,677	
TOTAL SUBSCRIBED AND OUTSTANDING CAPITAL		38,558,251,872	32,618,251,872.00	100.00%		
			TOTAL AMOUNT OF PAID-UP CAPITAL		32,618,251,872.00	

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: MEGAWORLD CORPORATION

1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION
1.1 STOCKS	0.00	n/a
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)	0.00	n/a
1.3 LOANS/ CREDITS/ ADVANCES	0.00	n/a
1.4 GOVERNMENT TREASURY BILLS	0.00	n/a
1.5 OTHERS	0.00	n/a

2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION
n/a	n/a	n/a

3. TREASURY SHARES: (As of 31 May 2025	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED
	1,187,614,000	3.08%

4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR: Php 192,479,978,713

5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:

TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED
5.1 CASH	2,662,552,254	October 21, 2024
5.2 STOCK	0.00	n/a
5.3 PROPERTY	0.00	n/a
TOTAL	P	

6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:

DATE	NO. OF SHARES	AMOUNT
n/a	0	0.00

SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:

NAME OF AGENCY:	SEC	B S P	I C
TYPE OF LICENSE/REGN.	n/a	n/a	n/a
DATE ISSUED:	n/a	n/a	n/a
DATE STARTED OPERATIONS:	n/a	n/a	n/a

TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES*	TOTAL MANPOWER COMPLEMENT **
750,000.00	421	410	831

NOTE: USE ADDITIONAL SHEET IF NECESSARY

*Rank & File to Senior Supervisor

**As of 15 June 2025

I, **NELILEEN S. BAXA**, Assistant Corporate Secretary of **MEGAWORLD CORPORATION** declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (*Section 177, RA No. 11232*).

Done this 16 JUL 2025 day of _____, 2025 in MAKATI CITY.

NELILEEN S. BAXA

SUBSCRIBED AND SWORN TO before me in MAKATI CITY on 16 JUL 2025 by affiant who personally appeared before me and exhibited to me her [redacted]

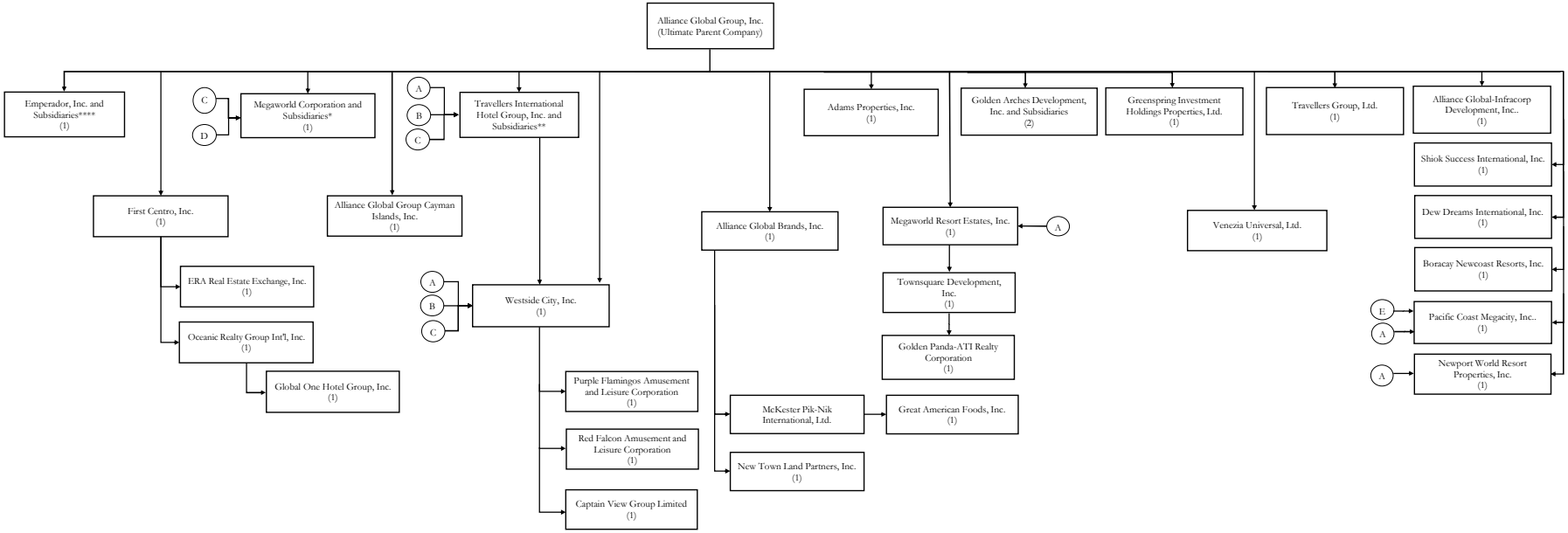
Doc. No. 256 ;
Page No. 53 ;
Book No. 98 ;
Series of 2025 .

NOTARY PUBLIC

ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-026 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471123 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

ANNEX "C"

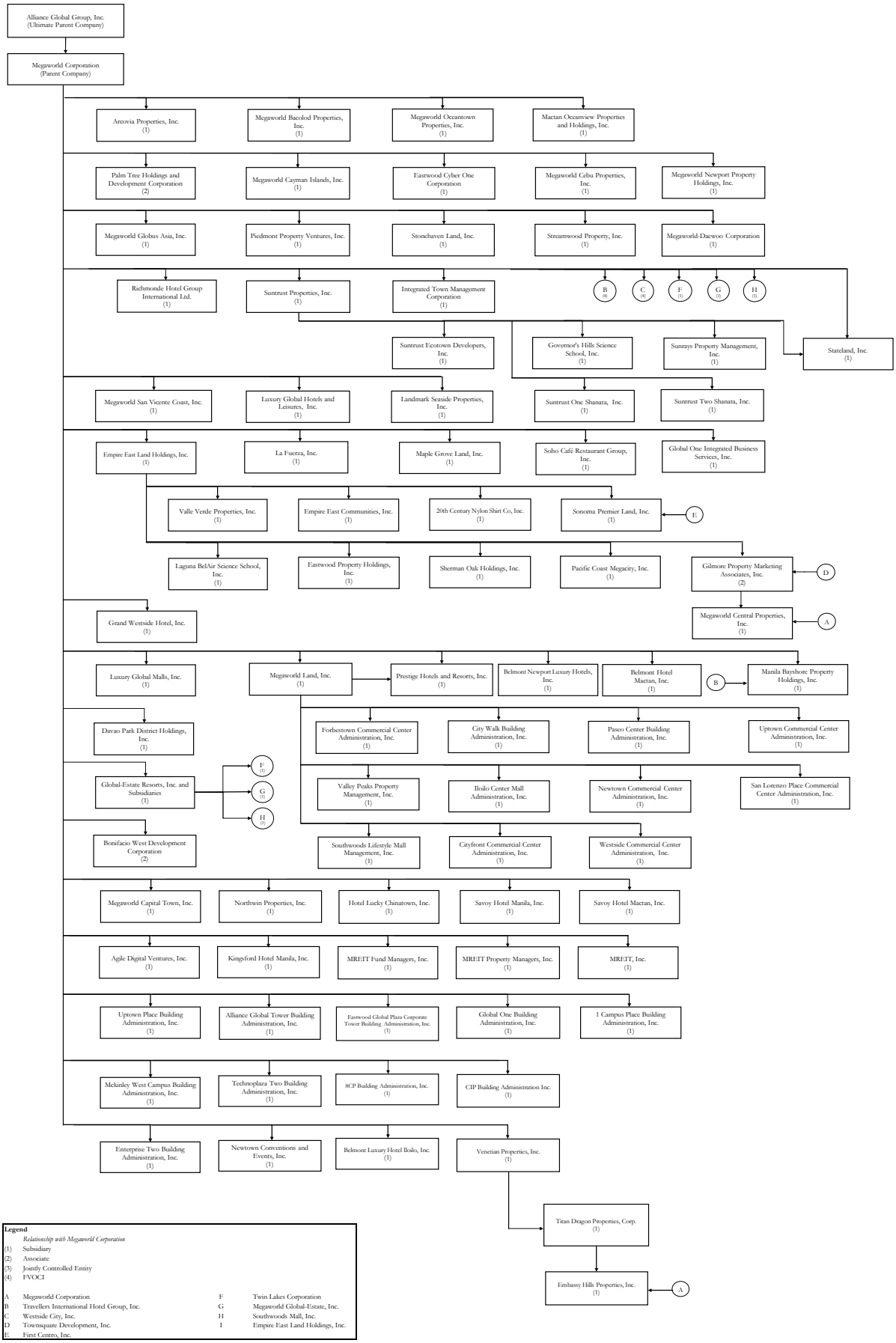
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2025



Legend

(1)	Subsidiary	A	Megaworld Corporation
(2)	Associate	B	Adams Properties, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.
		D	Newtown Land Partners, Inc.
		E	Empire East Land Holdings, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2025



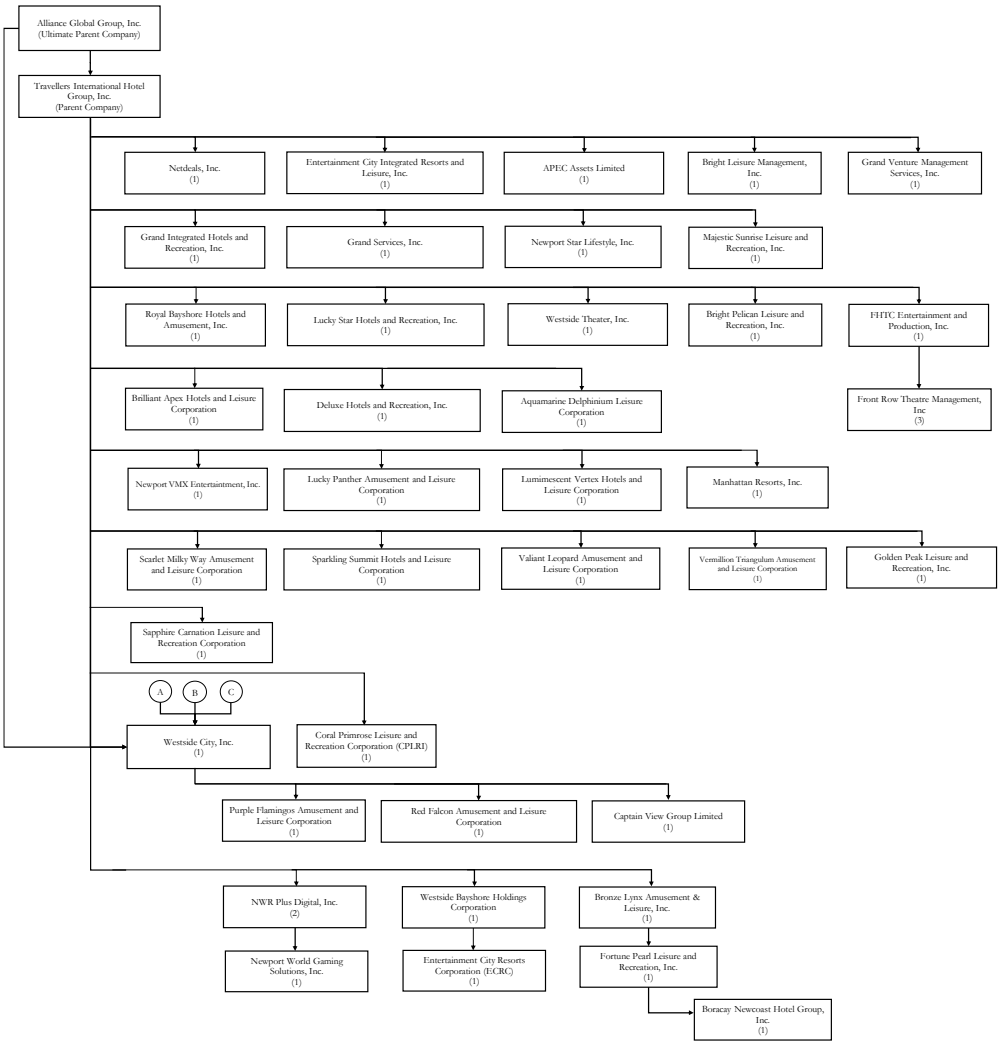
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	F	Twin Lakes Corporation
B	Travellers International Hotel Group, Inc.	G	Megaworld Global-Estate, Inc.
C	Westside City, Inc.	H	Southwoods Mall, Inc.
D	Townsquare Development, Inc.	I	Empire East Land Holdings, Inc.
E	First Centro, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2025



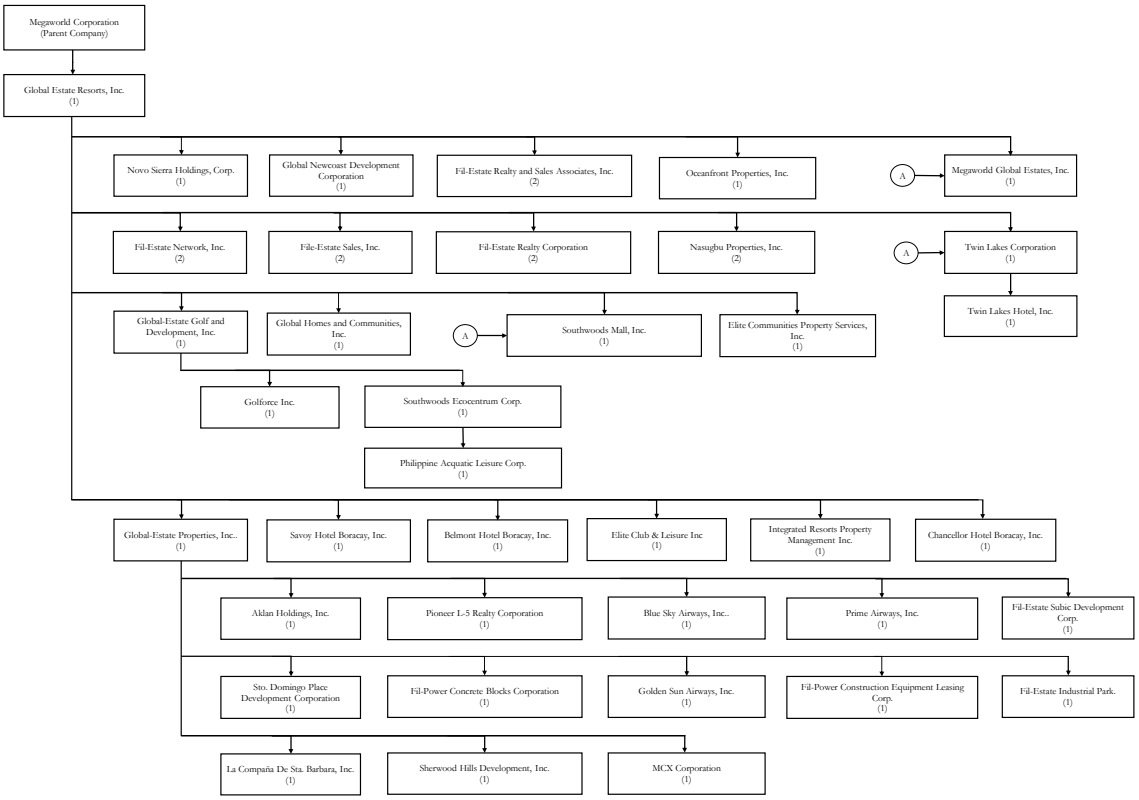
Legend

Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2025

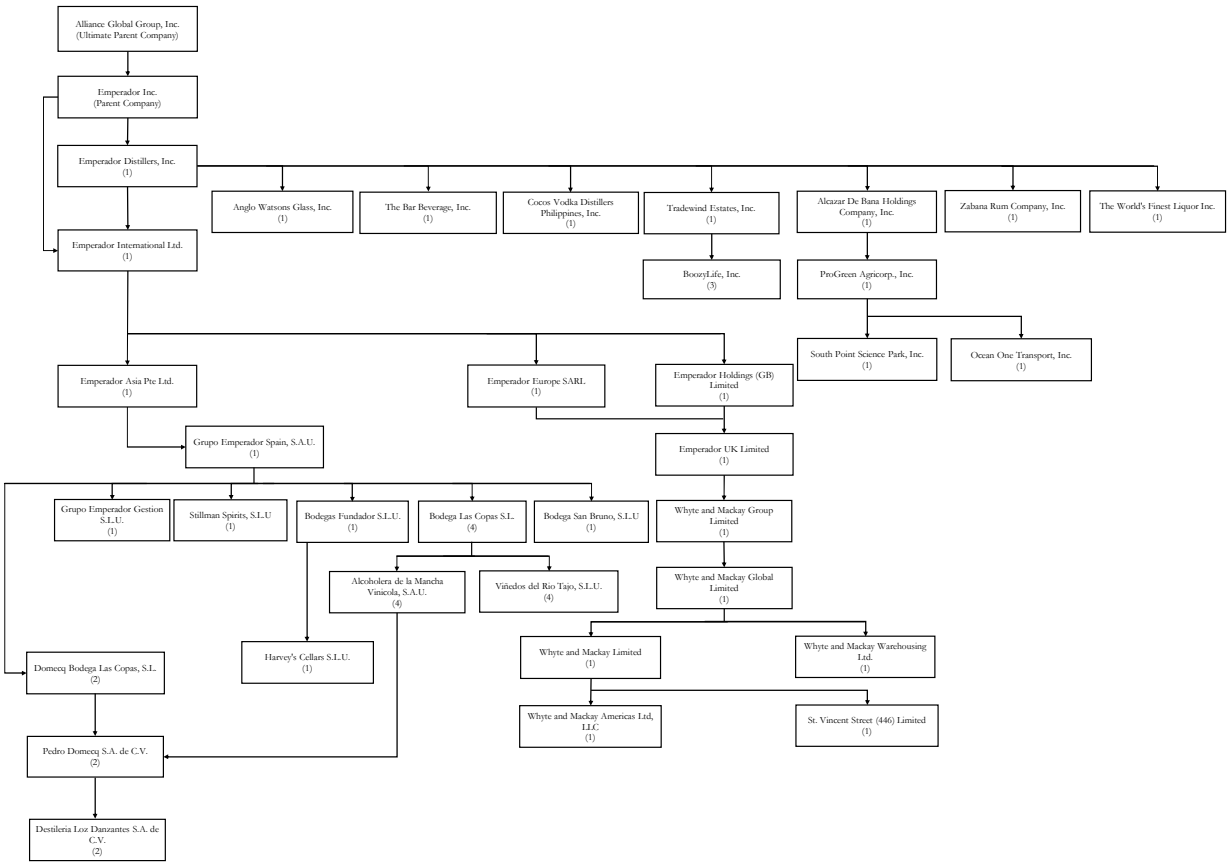


Legend

(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2025



Legend

Relationship with Emperador Inc.

(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

P&A Grant Thornton

ANNEX "D-1"

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2023, 2022 and 2021

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Opinion

We have audited the consolidated financial statements of Megaworld 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 income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023 and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 our audits 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 indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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.

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and cost of real estate sales amounted to P42.7 billion or 60.9% of consolidated Revenues and Income and P21.6 billion or 42.6% of consolidated Costs and Expenses, respectively, for the year ended December 31, 2023. The areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 20 and 21, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include tests of design and operating effectiveness of relevant controls over revenue generation and recognition, as well as tests of information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

As part of our test of compliance with revenue recognition criteria, we tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behavior.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include test of controls over recognition and allocation of costs per project and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference of their budgeted costs.

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of design and operating effectiveness of controls over cost recognition and measurement, including IT general and application controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

(b) Consolidation Process

Description of the Matter

The Group's consolidated financial statements comprise the financial statements of Megaworld Corporation and its subsidiaries, as enumerated in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to our audit because of the complexity of the process. It involves identifying and eliminating voluminous intercompany transactions to properly reflect realization of profits and measurement of controlling and non-controlling interests.

The Group's policy on consolidation process is more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained understanding of the Group structure and its consolidation process including the procedures for identifying intercompany transactions and reconciling intercompany balances. We tested significant consolidation adjustments which include elimination of intercompany revenues, expenses, receivables, payables and investments, reversal of unrealized fair value adjustments on intercompany investments, and recognition of equity transactions to measure non-controlling interest.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 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, 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, as modified by the financial reporting reliefs issued and approved by the SEC, 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, they 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 audit. 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 audits resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10076144, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2023)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 26, 2024

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 25,115,017,234**	P 27,754,568,446
Trade and other receivables - net	6	**35,926,522,343**	35,906,287,222
Contract assets	20	**16,725,717,102**	13,613,227,726
Inventories	7	**134,493,092,091**	123,451,306,761
Advances to contractors and suppliers		**12,796,034,554**	13,224,995,447
Prepayments and other current assets	8	**13,580,396,977**	10,365,034,100
Total Current Assets		**238,636,780,301**	224,315,419,702
NON-CURRENT ASSETS			
Trade and other receivables - net	6	**28,758,158,409**	21,035,571,171
Contract assets	20	**8,995,733,228**	6,006,696,047
Advances to contractors and suppliers		**1,796,688,120**	2,112,862,719
Advances to landowners and joint operators	10	**8,160,417,609**	7,896,413,808
Financial assets at fair value through other comprehensive income	9	**5,390,622,368**	5,253,799,848
Investments in associates - net	11	**3,069,422,324**	3,138,183,202
Investment properties - net	12	**135,155,548,880**	128,101,844,538
Property and equipment - net	13	**7,273,195,298**	7,196,910,584
Deferred tax assets - net	26	**412,824,612**	394,145,565
Other non-current assets - net	14	**2,923,327,024**	3,759,690,116
Total Non-current Assets		**201,935,937,872**	184,896,117,598
TOTAL ASSETS		**P 440,572,718,173**	P 409,211,537,300

	Notes	2023	2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**P 16,625,470,088**	P 12,691,010,973
Bonds and notes payable	16	**11,997,992,546**	14,026,453,110
Trade and other payables	17	**26,394,004,577**	24,158,766,211
Contract liabilities	20	**1,763,382,934**	3,392,947,567
Customers' deposits	2	**9,440,841,699**	9,421,120,175
Advances from other related parties	27	**1,247,044,914**	2,126,611,006
Income tax payable		**69,133,848**	61,272,502
Other current liabilities - net	19	**8,837,345,891**	9,375,781,591
Total Current Liabilities		**76,375,216,497**	75,253,963,135
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**55,154,846,130**	36,967,485,247
Bonds and notes payable	16	**19,116,598,705**	31,212,622,400
Contract liabilities	20	**5,693,360,461**	4,853,473,963
Customers' deposits	2	**2,383,982,004**	1,259,789,445
Deferred tax liabilities - net	26	**14,587,512,527**	12,264,107,694
Retirement benefit obligation - net	25	**618,205,997**	349,574,867
Other non-current liabilities - net	19	**5,975,149,880**	6,029,997,597
Total Non-current Liabilities		**103,529,655,704**	92,937,051,213
Total Liabilities		**179,904,872,201**	168,191,014,348
EQUITY	28		
Total equity attributable to the Company's shareholders		**227,821,868,243**	209,226,173,725
Non-controlling interests		**32,845,977,729**	31,794,349,227
Total Equity		**260,667,845,972**	241,020,522,952
TOTAL LIABILITIES AND EQUITY		**P 440,572,718,173**	P 409,211,537,300

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	**2023**	2022	2021
REVENUES AND INCOME				
Real estate sales	20	**P 42,721,115,222**	P 36,849,992,605	P 31,129,417,724
Rental income	12	**17,854,466,048**	15,653,727,970	13,319,580,244
Hotel operations	20	**3,807,063,945**	2,603,709,878	1,928,863,081
Interest and other income - net	23	**5,345,510,276**	4,419,826,198	4,376,429,682
		69,728,155,491	59,527,256,651	50,754,290,731
COSTS AND EXPENSES				
Cost of real estate sales	21	**21,604,685,140**	18,554,755,392	16,874,283,279
Cost of hotel operations	21	**2,185,776,633**	1,462,451,435	1,086,978,559
Operating expenses	22	**16,959,260,295**	14,584,659,156	12,864,632,841
Equity share in net losses of associates	11	**65,412,001**	155,429,591	176,548,383
Interest and other charges - net	24	**5,056,713,055**	5,628,116,792	4,808,537,325
Tax expense	26	**4,455,738,864**	3,767,557,891	564,917,329
		50,327,585,988	44,152,970,257	36,375,897,716
NET PROFIT FOR THE YEAR		**P 19,400,569,503**	P 15,374,286,394	P 14,378,393,015
Net profit attributable to:				
Company's shareholders		**P 17,345,401,623**	P 13,455,475,825	P 13,434,466,763
Non-controlling interests		**2,055,167,880**	1,918,810,569	943,926,252
		P 19,400,569,503	P 15,374,286,394	P 14,378,393,015
Earnings Per Share:	29			
Basic		**P 0.560**	P 0.431	P 0.422
Diluted		**P 0.560**	P 0.430	P 0.421

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT FOR THE YEAR		**P 19,400,569,503**	P 15,374,286,394	P 14,378,393,015
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to consolidated profit or loss:				
Actuarial gains (losses) on retirement benefit obligation	25	**(268,851,445)**	219,636,360	325,125,100
Fair value gains (losses) on financial assets at fair value through other comprehesive income	9	**101,480,862**	(579,783,082)	1,347,392,142
Tax income (expense)	25, 26	**65,908,044**	(55,553,033)	(62,880,238)
		(101,462,539)	(415,699,755)	1,609,637,004
Items that will be reclassified subsequently to consolidated profit or loss:				
Exchange difference on translating foreign operations	2	**44,115,901**	106,276,210	47,027,439
Unrealized gains (losses) on cash flow hedge	30	**(34,246,151)**	91,147,189	199,713,502
Share in other comprehensive income (losses) of associates	11	**(3,348,877)**	6,138,277	20,926,197
Tax expense	26	**(20,768,304)**	(34,902,030)	(11,756,858)
		(14,247,431)	168,659,647	255,910,280
Total Other Comprehensive Income (Loss)		**(115,709,970)**	(247,040,108)	1,865,547,284
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 19,284,859,532**	P 15,127,246,286	P 16,243,940,299
Total comprehensive income attributable to:				
Company's shareholders		**P 17,244,878,432**	P 13,196,367,962	P 15,276,423,950
Non-controlling interests		**2,039,981,100**	1,930,878,324	967,516,349
		P 19,284,859,532	P 15,127,246,286	P 16,243,940,299

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Attributable to the Company's Shareholders								
	Capital Stock (See Note 28)	**Additional Paid-in Capital** (See Note 28)	**Treasury Shares - At Cost** (See Note 28)	**Revaluation Reserves** (See Note 28)	**Perpetual Securities** (See Note 28)	**Retained Earnings** (See Note 28)	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at January 1, 2023	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P -	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Reissuance of treasury shares	-	333,233,823	515,166,177	-	-	-	848,400,000	-	848,400,000
Changes in percentage of ownership	-	-	-	3,225,985,331	-	-	3,225,985,331	363,803,525	3,589,788,856
Cash dividends	-	-	-	-	-	(2,058,559,594)	(2,058,559,594)	(1,352,156,123)	(3,410,715,717)
Acquisition of treasury shares	-	-	(668,595,880)	-	-	-	(668,595,880)	-	(668,595,880)
Share-based employee compensation	-	-	-	-	-	3,586,229	3,586,229	-	3,586,229
Total comprehensive income (loss) for the year	-	-	-	(100,523,191)	-	17,345,401,623	17,244,878,432	2,039,981,100	19,284,859,532
Balance at December 31, 2023	**P 32,430,865,872**	**P 16,995,980,793**	**(P 2,852,655,275)**	**P 10,494,221,542**	**P -**	**P 170,753,455,312**	**P 227,821,868,243**	**P 32,845,977,729**	**P 260,667,845,972**
Balance at January 1, 2022	P 32,430,865,872	P 16,660,844,347	(P 1,784,028,454)	P 7,627,867,265	P -	P 143,903,318,444	P 198,838,867,474	P 30,865,123,473	P 229,703,990,947
Exercise of stock options	-	1,902,623	902,111	-	-	(1,031,680)	1,773,054	-	1,773,054
Cash dividends	-	-	-	-	-	(1,911,107,946)	(1,911,107,946)	(1,001,652,570)	(2,912,760,516)
Acquisition of treasury shares	-	-	(916,099,229)	-	-	-	(916,099,229)	-	(916,099,229)
Share-based employee compensation	-	-	-	-	-	16,372,411	16,372,411	-	16,372,411
Total comprehensive income (loss) for the year	-	-	-	(259,107,863)	-	13,455,475,825	13,196,367,962	1,930,878,324	15,127,246,286
Balance at December 31, 2022	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P -	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Balance at January 1, 2021	P 32,430,865,872	P 16,660,844,347	(P 1,627,041,094)	(P 3,702,510,630)	P 10,237,898,577	P 131,464,174,188	P 185,464,231,260	P 27,066,248,937	P 212,530,480,197
Changes in percentage of ownership	-	-	-	9,488,420,708	-	-	9,488,420,708	3,227,048,107	12,715,468,815
Redemption of perpetual securities	-	-	-	-	(10,237,898,577)	484,257,436	(9,753,641,141)	-	(9,753,641,141)
Cash dividends	-	-	-	-	-	(1,337,820,837)	(1,337,820,837)	(263,692,340)	(1,601,513,177)
Acquisition of treasury shares	-	-	(156,987,360)	-	-	-	(156,987,360)	-	(156,987,360)
Distribution to holders of perpetual securities	-	-	-	-	-	(151,963,438)	(151,963,438)	-	(151,963,438)
Reduction in capital of a subsidiary	-	-	-	-	-	-	-	(141,998,580)	(141,998,580)
Share-based employee compensation	-	-	-	-	-	10,204,332	10,204,332	-	10,204,332
Acquisition of a new subsidiary with non-controlling interest	-	-	-	-	-	-	-	10,001,000	10,001,000
Total comprehensive income for the year	-	-	-	1,841,957,187	-	13,434,466,763	15,276,423,950	967,516,349	16,243,940,299
Balance at December 31, 2021	P 32,430,865,872	P 16,660,844,347	(P 1,784,028,454)	P 7,627,867,265	P -	P 143,903,318,444	P 198,838,867,474	P 30,865,123,473	P 229,703,990,947

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 23,856,308,367**	P 19,141,844,285	P 14,943,310,344
Adjustments for:				
Depreciation and amortization	12, 13, 14	**3,480,324,608**	3,279,686,211	3,467,925,032
Interest expense	24	**2,635,396,341**	2,258,100,909	1,941,630,481
Interest income	23	**(2,540,479,012)**	(2,143,200,870)	(1,566,929,419)
Unrealized foreign currency losses (gains) - net		**(362,380,482)**	2,366,023,638	1,625,333,145
Equity share in net losses of associates	11	**65,412,001**	155,429,591	176,548,383
Dividend income	23, 27	**(36,495,750)**	(21,420,750)	(24,456,757)
Employee share options	25	**3,586,229**	16,372,411	10,204,332
Loss (gain) on sale of property and equipment	13	**302,916**	(66,002)	(1,225,627)
Loss (gain) on sale of investment property	12	**-**	832,805	(136,206,674)
Loss on derecognition of property and equipment	13	**-**	-	43,603,084
Operating profit before working capital changes		**27,101,975,218**	25,053,602,228	20,479,736,324
Increase in trade and other receivables		**(5,401,855,155)**	(6,012,370,613)	(1,835,285,029)
Decrease (increase) in contract assets		**(6,101,526,557)**	302,323,589	(541,521,049)
Increase in inventories		**(9,543,970,288)**	(6,982,569,520)	(8,951,566,293)
Decrease (increase) in advances to contractors and suppliers		**745,135,492**	(321,139,074)	514,205,832
Increase in prepayments and other current assets		**(3,850,451,340)**	(742,381,075)	(1,740,765,114)
Decrease (increase) in advances to landowners and joint operators		**(264,003,801)**	(737,837,585)	354,803,949
Decrease (increase) in other non-current assets		**838,172,118**	846,939,366	(142,656,451)
Increase in trade and other payables		**2,123,214,966**	1,239,593,735	606,265,488
Increase (decrease) in contract liabilities		**(789,678,135)**	842,725,722	1,560,066,505
Increase (decrease) in customers' deposits		**1,143,914,083**	(1,472,950,409)	(2,534,471,445)
Decrease in other liabilities		**(173,959,904)**	(1,649,159,285)	(1,327,724,229)
Cash generated from operations		**5,826,966,697**	10,366,777,079	6,441,088,488
Cash paid for income taxes		**(1,625,121,992)**	(2,636,045,057)	(813,914,179)
Net Cash From Operating Activities		**4,201,844,705**	7,730,732,022	5,627,174,309
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	12	**(10,857,268,275)**	(12,115,399,233)	(7,055,426,460)
Property and equipment	13	**(734,877,887)**	(733,081,802)	(522,659,939)
Interest received		**2,227,691,648**	2,198,139,764	2,052,061,538
Advances to associates and other related parties:	27			
Collected		**112,550,636**	-	89,575,462
Granted		**-**	(1,827,132,491)	(413,989,152)
Dividends received	24	**12,815,280**	21,420,750	24,456,757
Proceeds from sale of property and equipment	13	**32,061,133**	29,374,859	4,739,942
Acquisition and subscription of shares of stock of subsidiaries and associates		**(659,964)**	-	(1,001,843,366)
Additions to financial assets at fair value through other comprehensive income	9	**-**	-	(238,089,875)
Proceeds from sale of investment property	12	**-**	-	136,607,144
Net Cash Used in Investing Activities		**(9,207,687,429)**	(12,426,678,153)	(6,924,567,949)
Balance carried forward		**(P 5,005,842,724)**	(P 4,695,946,131)	(P 1,297,393,640)

	Notes	2023	2022	2021
Balance brought forward		**(P 5,005,842,724)**	(P 4,695,946,131)	(P 1,297,393,640)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of long and short-term liabilities	15, 36	**35,645,523,000**	10,522,520,857	26,643,083,897
Repayments of long and short-term liabilities	36	**(13,836,564,027)**	(12,451,825,598)	(20,982,065,248)
Repayments of bonds payable	36	**(13,607,000,000)**	-	-
Interest paid		**(5,269,232,098)**	(4,200,536,048)	(3,977,876,007)
Proceeds from sale of investment in subsidiary	28	**3,565,448,820**	-	-
Cash dividends paid	28	**(2,058,559,594)**	(1,911,107,946)	(2,515,617,409)
Advances from other related parties:	27, 36			
Paid		**(1,597,199,347)**	(2,433,986,742)	(48,783,694)
Obtained		**717,633,255**	1,317,261,209	608,170,119
Cash dividends declared and paid to non-controlling interest	1	**(1,352,156,123)**	(1,001,652,570)	(263,692,340)
Proceeds from reissuance of treasury shares	28	**848,400,000**	-	-
Acquisition of treasury shares	28	**(668,595,880)**	(916,099,229)	(156,987,360)
Repayments of lease liabilities	19, 36	**(21,406,494)**	(18,840,748)	-
Proceeds from issuance of shares	28	**-**	1,773,053	-
Redemption of preferred shares	18	**-**	(251,597,580)	(251,597,580)
Proceeds from secondary offering of subsidiary's shares	28	**-**	-	14,717,312,432
Payments for redemption of perpetual capital securities		**-**	-	(8,552,741,141)
Distribution to holders of perpetual securities	28	**-**	-	(151,963,438)
Payments for return of capital to non-controlling interest		**-**	-	(141,998,580)
Net Cash From (Used in) Financing Activities		**2,366,291,512**	(11,344,091,342)	4,925,243,651
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,639,551,212)**	(16,040,037,473)	3,627,850,011
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**27,754,568,446**	43,794,605,919	40,166,755,908
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 25,115,017,234**	P 27,754,568,446	P 43,794,605,919

Supplemental Information on Non-cash Investing and Financing Activities:

1) In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property between Inventories, Property and Equipment, and Investment Properties. These non-cash activities are not reflected in the consolidated statements of cash flows (see Notes 7, 12 and 13).

2) In 2021, the Group recognized right-of-use assets and lease liabilities amounting to P3.6 million (see Notes 13 and 19).

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.1 Composition of the Group

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associates:

	Effective Percentage of Ownership		
Subsidiaries	**2023**	2022	2021
Prestige Hotels and Resorts, Inc. (PHRI)	**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)	**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	**100%**	100%	100%
Megaworld Oceantown Properties, Inc. (formerly: Oceantown Properties, Inc.) (MOPI)	**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	**100%**	100%	100%
Arcovia Properties, Inc. (API)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2023	2022	2021
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)		**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)		**100%**	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. (formerly: San Vicente Coast, Inc.) (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)		**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)		**100%**	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. (MREIT)	(f)	**55.63%**	62.09%	62.09%
Belmont Hotel Mactan Inc. (BHMI)		**100%**	100%	-
Grand Westside Hotel, Inc. (GWHI)	(k)	**100%**	-	-
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center Administration, Inc. (CCCAI)	(a)	**100%**	100%	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2023	2022	2021
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Sunrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.31%
Global-Estate Resorts, Inc. (GERI)		**82.32%**	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)		**82.32%**	82.32%	82.32%
Southwoods Mall, Inc. (SMI)		**91.09%**	91.09%	91.09%
Elite Club & Leisure Inc. (ECLI)	(k)	**82.32%**	-	-
Integrated Resorts Property Management Inc. (IRPMI)	(k)	**82.32%**	-	-
Megaworld Global-Estate, Inc. (MGEI)		**89.39%**	89.39%	89.39%
Twin Lakes Corporation (TLC)		**90.99%**	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)		**90.99%**	90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)		**82.32%**	82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a)	**82.32%**	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a)	**82.32%**	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a)	**82.32%**	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a)	**82.32%**	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a)	**82.32%**	82.32%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)		**82.32%**	82.32%	82.32%
MCX Corporation (MCX)	(a)	**82.32%**	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a)	**82.32%**	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a)	**82.32%**	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)		**82.32%**	82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a)	**82.32%**	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	**65.03%**	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		**45.28%**	45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)		**82.32%**	82.32%	82.32%
Golforce, Inc. (Golforce)		**82.32%**	82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		**49.39%**	49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	**49.39%**	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)		**82.32%**	82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a)	**82.32%**	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a)	**82.32%**	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)		**82.32%**	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)		**82.32%**	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)		**41.13%**	41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership		
		2023	2022	2021
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holdings, Inc., formerly Suntrust Home Developers, Inc. (SUN)		**34%**	34%	34%
SWC Project Management Limited (SWCPML)		**34%**	34%	34%
WC Project Management Limited (WCPML)		**34%**	34%	34%
Suncity WC Hotel Inc. (Suncity WC)		**34%**	34%	34%
GERI				
Fil-Estate Network, Inc. (FENI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.46%**	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.46%**	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.52%**	11.52%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2023.

(b) As at December 31, 2023, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2023, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2023, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

(e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Parent Company through MLI, their immediate parent company.

(f) MFMI, MPMI and MREIT are newly incorporated subsidiaries in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act (R.A.) No. 9856*, The Real Estate Investment Trust Act of 2009,* including its implementing rules and regulations, and other applicable laws. The Parent Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the Parent Company disposed certain number of shares resulting to a decrease in ownership to 55.63%.

(g) KHMI was incorporated in 2020 and also engaged in hotel operations.

(h) In 2021, the Parent Company acquired additional common shares of STLI from previous stockholders representing 1.44% direct ownership. As at December 31, 2023, the effective ownership of Parent Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) In 2021, the SEC approved the application of MDC for the decrease of its authorized capital stock. As a result, MDC paid a total of P355.0 million to its current stockholders for the return of capital. The Parent Company's ownership interest over MDC remains at 60%.

(j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Ultimate Parent Company were transferred to the Parent Company, increasing the effective ownership of the Parent Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.

(k) Newly incorporated subsidiaries in 2023.

(l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

All subsidiaries and associates were incorporated and have their principal place of business in the Philippines, except for the following:

- MCII – incorporated and has principal place of business in the Cayman Islands
- RHGI – incorporated and has principal place of business in the British Virgin Islands
- SPML – incorporated and has principal place of business in Hongkong
- WPML – incorporated and has principal place of business in Macau

The Parent Company and its subsidiaries, except for entities which have not yet started commercial operations as at December 31, 2023, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations and marketing services and e-commerce.

There are no significant restrictions on the Parent Company's ability to access or use the assets and settle the liabilities of the Group.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

1.2 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below (in thousands).

	Interest and Voting Accumulated Rights Held by NCI			Subsidiary's Consolidated Profit (Loss) Allocated to NCI			Accumulated Equity of NCI		
Name	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
GERI	**17.68%**	17.68%	17.68%	**P 444,108**	P 504,135	P 273,591	**P6,836,602**	P 6,465,556	P 5,924,064
EELHI	**18.27%**	18.27%	18.27%	**119,520**	132,014	131,173	**11,199,106**	11,079,586	10,947,572
MCTI	**23.72%**	23.72%	23.72%	**119,873**	61,367	42,215	**1,564,420**	1,540,324	1,478,957
MREIT	**44.37%**	37.91%	37.91%	**942,175**	847,186	218,295	**4,329,357**	4,106,038	4,193,831
MBPHI	**31.97%**	31.97%	31.97%	**241,170**	358,251	134,394	**3,979,512**	3,738,342	3,380,091
LFI	**33.33%**	33.33%	33.33%	**70,067**	50,573	103,742	**1,285,466**	1,315,389	1,331,477
NWPI	**40.00%**	40.00%	40.00%	**(118,125)**	768	(1,040)	**2,423,019**	2,304,894	2,304,126

The summarized balance sheets of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations are shown below.

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2023					
GERI	**P 40,459,590,601**	**P 21,107,842,595**	**P 8,530,655,854**	**P 13,068,472,896**	**P 39,968,304,446**
EELHI	**43,263,011,730**	**6,276,393,402**	**15,120,472,622**	**3,025,040,329**	**31,394,308,990**
MCTI	**6,426,075,428**	**958,427,061**	**632,829,665**	**156,311,163**	**6,595,361,660**
MREIT	**2,261,749,722**	**59,189,370,284**	**1,187,901,989**	**8,124,659,098**	**52,138,558,919**
MBPHI	**21,064,534,374**	**1,795,986,214**	**8,122,965,525**	**4,169,846,245**	**10,567,708,818**
LFI	**480,394,071**	**835,814,337**	**329,085,827**	**66,508,985**	**920,613,596**
NWPI	**5,024,990,012**	**44,333,466**	**273,773,758**	**306,243,335**	**4,489,306,385**
December 31, 2022					
GERI	P 38,958,385,938	P 18,348,102,791	P 8,984,280,250	P 10,125,839,695	P 38,196,368,784
EELHI	42,058,117,920	5,222,214,799	13,511,828,029	3,008,819,453	30,759,685,237
MCTI	6,346,828,725	692,319,537	481,153,103	68,691,537	6,489,303,622
MREIT	1,912,786,391	56,577,530,430	760,062,625	8,212,025,103	49,518,229,093
MBPHI	14,690,371,429	3,066,716,686	6,673,669,427	1,294,732,541	9,788,686,147
LFI	540,692,704	886,754,795	305,593,115	123,987,816	997,866,568
NWPI	3,778,762,779	15,407,016	131,543,651	251,638,417	3,410,987,727

The summarized comprehensive income of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations is shown below.

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2023			
GERI	**P 8,389,466,594**	**P 2,113,325,233**	**(P 8,416,676)**
EELHI	**5,203,131,447**	**788,653,304**	**(154,029,551)**
MCTI	**989,243,868**	**509,841,059**	**-**
MREIT	**4,156,504,467**	**168,343,855**	**-**
MBPHI	**5,176,390,657**	**779,022,671**	**-**
LFI	**428,024,009**	**223,264,780**	**(517,752)**
NWPI	**430,737,444**	**293,266,702**	**-**
2022			
GERI	P 7,330,290,215	P 2,086,560,251	P 38,918,313
EELHI	4,707,066,845	715,376,123	51,178,999
MCTI	581,200,403	254,239,433	-
MREIT	3,648,767,258	176,553,547	-
MBPHI	5,040,895,626	1,036,189,706	-
LFI	304,715,933	149,752,329	(356,140)
NWPI	17,899,291	(1,920,049)	-
2021			
GERI	P 4,986,114,413	P 1,494,693,044	P 24,957,294
EELHI	4,534,838,703	797,089,070	175,090,394
MCTI	422,618,465	173,678,947	-
MREIT	1,460,713,648	2,014,216,186	-
MBPHI	2,431,858,083	420,365,816	-
LFI	554,170,309	311,257,955	2,376,412
NWPI	8,202	(2,599,043)	-

The summarized cash flows of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations are shown below.

	Net Cash From (Used in)		
	Operating Activities	Investing Activities	Financing Activities
2023			
GERI	**P 243,620,711**	**(P 1,749,326,023)**	**(P 87,887,407)**
EELHI	**440,922,303**	**67,140,204**	**(228,380,011)**
MCTI	**(995,779,391)**	**187,254,202**	**-**
MREIT	**3,387,700,668**	**-**	**(3,089,314,682)**
MBPHI	**(4,606,227,279)**	**19,576,963**	**4,712,660,638**
LFI	**319,759,454**	**(5,906,351)**	**(299,784,772)**
NWPI	**(110,930,687)**	**(24,955)**	**785,051,956**
2022			
GERI	P 243,620,711	(P 1,749,326,023)	(P 87,887,407)
EELHI	390,373,664	26,523,351	(368,526,330)
MCTI	(927,266,336)	81,454,652	1,051,104,773
MREIT	2,780,620,961	-	(2,733,900,508)
MBPHI	(2,700,064,579)	(244,043,362)	(367,097,567)
LFI	249,164,549	(153,471)	(199,512,547)
NWPI	285,260,510	(976,240)	1,575,478,709
2021			
GERI	P 296,711,694	(P 23,628,604)	P 1,434,041,992
EELHI	1,294,993,446	5,700,022	(40,997,901)
MCTI	(139,930,008)	(29,105,188)	1,051,104,773
MREIT	1,552,973,207	(9,116,000,000)	6,587,915,869
MBPHI	1,425,208,741	(372,827,723)	(94,039,779)
LFI	149,327,127	23,562,500	(103,912,836)
NWPI	(28,229,018)	-	31,866,113

The summarized dividend declarations of MREIT, LFI, GERI and MCTI paid to NCI are shown below.

	2023	2022
MREIT	**P 1,083,319,430**	P 934,992,570
LFI	**99,990,000**	66,660,000
MCTI	**95,777,333**	-
OPI	**51,056,000**	-
GERI	**22,006,572**	-
ECOC	**6,788**	-
	P 1,352,156,123	P 1,001,652,570

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 (including the comparative consolidated financial statements as at December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Group's BOD on February 26, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Group are disclosed in detail in the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers,* affecting the real estate industry under following Memorandum Circular (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

SEC MC No. 08-2021, A*mendment to SEC MC No. 14-2018, MC No. 03-2019, MC No.04-2020, and MC No. 34-2020 to Clarify Transitory Provision,* provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement.

Discussed below and in the succeeding pages are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their estimated qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statements as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense will be calculated using the effective interest rate method.

This will impact the retained earnings, real estate sales, and profit or loss in the year of adoption and in comparative periods presented. Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. Should the Group elect to apply the modified retrospective approach as allowed by MC No. 2021-08, this will impact the opening retained earnings in the year of adoption.

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents a consolidated statement of comprehensive income separate from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine Peso, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, 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 if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, 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. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective in 2023 that is not Relevant to the Group

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

(v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

Acquired investment in associate is subject to the purchase method.

2.4 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Except for MCII and RHGI, which use the United States (U.S.) dollar as their functional currency, the accounting records of the Parent Company and its subsidiaries are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of MCII and RHGI, which are measured using the U.S. dollar, their functional currency, are translated to Philippine peso, the Parent Company's functional currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end reporting period;

(ii) Income and expenses for each profit or loss account are translated at the annual average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in MCII and RHGI are recognized under Exchange Difference on Translating Foreign Operations account in the consolidated statement of comprehensive income. As these entities are wholly owned subsidiaries, the translation adjustments are fully allocated to the Parent Company's shareholders.

The translation of the consolidated financial statements into Philippine Peso should not be construed as a representation that the U.S. dollar amounts could be converted into Philippine Peso amounts at the translation rates or at any other rates of exchange.

2.5 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

Financial assets are categorized into the following categories: financial assets at amortized cost, financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, or other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at FVTPL.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL or if it is a contingent consideration recognized arising from a business combination. Accordingly, the Group has designated equity instruments as at FVOCI.

Financial Assets at Fair Value Through Profit or Loss

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets including those which contain significant financing component. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Note 32.3(b)].

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such 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.

(b) Financial Liabilities

Financial liabilities of the Group include interest-bearing loans and borrowings, bonds and notes payable, trade and other payables (except tax-related liabilities), derivative liabilities, redeemable preferred shares, advances from other related parties, commission payable and subscription payable (presented as part of Other Current Liabilities and Other Non-current Liabilities in the consolidated statement of financial position).

2.6 Inventories

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties.

Costs of inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized plus any amount to be refunded to customers and the cost of the repossessed property is recognized in the consolidated statement of income.

2.7 Property and Equipment

Property and equipment, including land, are carried at acquisition or construction cost less subsequent depreciation and/or amortization for property and equipment, and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. Amortization of office improvements is recognized over the estimated useful lives of improvements or the term of the lease, whichever is shorter.

The depreciation and amortization periods for other property and equipment, based on the above policies, are as follows:

Buildings and improvements	5-25 years
Office improvements	5-20 years
Transportation equipment	5 years
Office furniture, fixtures and equipment	3-5 years

The measurement for right-of-use assets is disclosed in Note 2.10(a).

2.8 Investment Properties

Investment properties include properties held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, property management fees and hotel operations.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The Group also enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(*b*). Sales cancellations are accounted for as contract modification on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales on pre-completed real estate properties is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales on pre-completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales on completed real estate properties is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales on completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of comprehensive income. For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Parent Company, GERI, EELHI, SPI, MBPHI, SEDI, OPI, NWPI, MGLI, SVCI, MCTI and STLI.

(c) *Sale of undeveloped land and golf and resort shares for sale* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized at a point in time when the control over the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably.

(d) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(e) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(f) *Rendering of services* – Revenues are recognized over time (i.e., time-and-materials basis as the services are provided or based on the actual work done) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include property management, commission and construction income.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized.

Cost of real estate sales include the acquisition cost of the land, development costs incurred to date, applicable borrowings costs and estimated costs to complete the project, determined based on estimates made by the project engineers.

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as how the Group assesses impairment of its financial assets [see Note 2.5(a)(ii)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sale, consideration received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.10 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

(b) Group as Lessor

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.11 Impairment of Non-financial Assets

The Group's Investments in Associates, Goodwill and Leasehold rights (included as part of Other Non-current Assets), Investment Properties, Property and Equipment, and other non-financial assets are subject to impairment testing. Goodwill and intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.12 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits.

The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate properties is satisfied over time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. Conversely, the Group's performance obligation for sale of completed real estate properties is satisfied at a point in time.

(ii) Hotel Operations

The Group determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other entities. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iii) Food and Beverages, and Others

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management assesses that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(iv) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(v) Property Management Services

The Group determines that its revenue from property management services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers.

The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(c) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(d) Determination of ECL on Trade and Other Receivables

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, projects and customer type).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). The Group considered the continuing impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. Details about the ECL on the Group's trade and other receivables are disclosed in Note 32.3(b).

(e) Distinction Among Investment Properties and Owner-occupied Properties

The Group determines whether a property should be classified as investment property or owner-occupied property. The Group applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Group's main line of business or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Group's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(f) Distinction Between Inventories and Investment Properties

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgment.

(g) Distinction Between Investments in Financial Instruments and Inventories

Being a real estate developer, the Group determines how golf and resort shares shall be accounted for. In determining whether these shares shall be accounted for as either inventories or investments in financial instruments, the Group considers its role in the development of the club and its intent for holding these shares. The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell a developed property together with the club share.

(h) Presentation of Perpetual Debt Securities

The Group exercises judgment in classifying its perpetual debt securities as financial liabilities or equity instruments. In making its judgment, the Group considers the terms of the securities including any restrictions on the Group's ability to defer interest payments. Based on management's assessment, the perpetual debt securities are classified as equity securities as the Group has the ability to defer payments of principal and interest indefinitely (see Note 28.7).

(i) Distinction Between Asset Acquisition and Business Combinations

The Parent Company acquires subsidiaries that own real estate properties. At the time of acquisition, the Parent Company considers whether the acquisition represents acquisition of a business or asset. The Parent Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property,* on ancillary services.

(j) Distinction Between Operating and Finance Leases (as a Lessor)

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Group's lease agreements, as lessor, are classified either operating or finance leases.

(k) Consolidation of Entities in which the Group Holds 50% or Less of Voting Rights

Management considers that the Group has de facto control over investees even though it effectively holds less than 50% of the ordinary shares and voting rights in those companies when it has the ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors (see Note 1.1).

(l) Significant Influence on Investees Even if the Group Holds Less than 20% of Voting Rights

The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but has no control or joint control of those policies (see Notes 1.1 and 11).

(m) Determination on whether Lease Concessions Granted constitute a Lease Modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group amounted to P1.4 billion in 2022 (nil in 2023).

(n) Share based Employee Remuneration

The Group grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date.

(o) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 31.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 32.3(b).

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the inventories within the next reporting period. In evaluating net realizable value of inventories, recent market conditions and current market prices have been considered. The carrying value of Inventories is disclosed in Note 7.

(d) Fair Value of Share Options

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share options were granted. The estimates and assumptions used are presented in Note 28.6 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Group's share price and fair value of the Group's common shares. Changes in these factors can affect the fair value of share options at grant date.

The fair value of share options recognized as part of Salaries and employee benefits in 2023, 2022 and 2021 is presented in Note 25.2.

(e) Fair Value Measurement of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair value of investment properties earning rental income through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 34.4.

(f) Estimation of Useful Lives of Investment Properties, Property and Equipment, and Leasehold Rights

The Group estimates the useful lives of investment properties, property and equipment, and leasehold rights based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of investment properties and property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

An analysis of the movements in the carrying amount of Investment Properties, Property and Equipment, and Leasehold Rights is presented in Notes 12, 13 and 14, respectively.

(g) Valuation of Financial Assets at Fair Value through Other Comprehensive Income

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, management applies valuation techniques to determine the fair value of financial instruments. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period. Valuation methods used in determining the fair value of these financial assets are disclosed in Note 34.2(a).

The carrying amounts of financial asset at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 9.

(h) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2023 and 2022 will be utilized in the succeeding years.

The carrying amount of the net deferred tax assets as at December 31, 2023 and 2022 is disclosed in Note 26.

(j) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become evident. In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the amount of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Group's goodwill and other non-financial assets required to be recognized in 2023, 2022 and 2021 based on management's assessment.

(k) Valuation of Retirement Obligation

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amount of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 25.3.

(l) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their acquisition date fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- interest income and costs, and foreign currency gains and losses;
- equity in net earnings of associates, fair value gains, dividend income and foreign currency gains/losses; and,
- gain on sale of investments in associate.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The tables presented below and in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2023, 2022 and 2021 and certain assets and liabilities information regarding segments as at December 31, 2023 and 2022.

	2023			
	Sale of Goods – Real estate	**Sale of Services**		
		Rental	**Hotel Operations**	**Total**
TOTAL REVENUES				
Sales to external customers	P 42,721,115,222	P 17,854,466,048	P 3,807,063,945	P 64,382,645,215
Interest income on real estate sales	1,129,913,991	-	-	1,129,913,991
Intersegment sales	-	688,393,835	-	688,393,835
	43,851,029,213	18,542,859,883	3,807,063,945	66,200,953,041
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	29,797,634,218	2,174,351,445	3,179,787,694	35,151,773,357
Depreciation and amortization	299,788,932	2,847,130,267	183,412,704	3,330,331,903
	30,097,423,150	5,021,481,712	3,363,200,398	38,482,105,260
SEGMENT OPERATING PROFITS	**P 13,753,606,063**	**P 13,521,378,171**	**P 443,863,547**	**P 27,718,847,781**
ASSETS AND LIABILITIES				
Segment assets	**P 270,084,403,031**	**P 145,952,507,542**	**P 6,129,045,419**	**P 422,165,955,992**
Segment liabilities	**P 120,821,155,240**	**P 52,311,008,997**	**P 2,202,470,050**	**P 175,334,634,287**

	2022			
	Sale of Goods – Real estate	Sale of Services		
		Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 36,849,992,605	P 15,653,727,970	P 2,603,709,878	P 55,107,430,453
Interest income on real estate sales	799,056,815	-	-	799,056,815
Intersegment sales	-	532,327,818	-	532,327,818
	37,649,049,420	16,186,055,788	2,603,709,878	56,438,815,086
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	25,712,626,517	1,856,763,898	2,101,359,090	29,670,749,506
Depreciation and amortization	258,051,817	2,731,898,812	144,072,673	3,134,023,302
	25,970,678,334	4,588,662,710	2,245,431,763	32,804,772,808
SEGMENT OPERATING PROFITS	P 11,678,371,086	P 11,597,393,078	P 358,278,115	P 23,634,042,279
ASSETS AND LIABILITIES				
Segment assets	P 249,662,958,994	P 136,205,789,990	P 5,859,552,165	P 391,728,301,149
Segment liabilities	P 112,314,538,777	P 48,232,117,701	P 1,569,242,763	P 162,115,899,242

	2021			
	Sale of Goods –	Sale of Services		
	Real estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 31,129,417,724	P 13,319,580,244	P 1,928,944,451	P 46,377,942,419
Interest income on real estate sales	641,593,186	-	-	641,593,186
Intersegment sales	-	501,620,089	-	501,620,089
	31,771,010,910	13,821,200,333	1,928,944,451	47,521,155,694
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	22,143,407,538	1,718,745,957	1,654,286,432	25,516,439,927
Depreciation and amortization	305,468,041	2,815,266,472	148,945,316	3,269,679,829
	22,448,875,579	4,534,012,429	1,803,231,748	28,786,119,756
SEGMENT OPERATING PROFITS	P 9,322,135,331	P 9,287,187,904	P 125,712,703	P 18,735,035,938
ASSETS AND LIABILITIES				
Segment assets	P 246,748,867,643	P 127,778,100,601	P 4,800,909,509	P 379,327,877,753
Segment liabilities	P 110,574,147,992	P 47,869,814,875	P 1,185,567,816	P 159,629,530,683

The total project and capital expenditures amounted to P50.0 billion, P45.9 billion and P38.2 billion in 2023, 2022 and 2021, respectively.

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2023	2022	2021
Revenues			
Total segment revenues	**P 66,200,953,041**	P 56,438,815,086	P 47,521,155,694
Unallocated interest and other income	**4,215,596,285**	3,620,769,383	3,734,755,126
Elimination of intersegment sales	**(688,393,835)**	(532,327,818)	(501,620,089)
Revenues as reported in profit or loss	**P 69,728,155,491**	P 59,527,256,651	P 50,754,290,731
Profit or loss			
Segment operating profit	**P 27,718,847,781**	P 23,634,042,279	P 18,735,035,938
Unallocated interest and other income	**4,215,596,285**	3,620,769,383	3,734,755,126
Unallocated interest and other charges	**(5,056,713,054)**	(5,628,116,793)	(4,808,537,325)
Equity share in net losses	**(65,412,001)**	(155,429,591)	(176,548,383)
Other unallocated expenses	**(2,956,010,644)**	(2,329,420,993)	(2,541,395,012)
Profit before tax as reported in profit or loss	**P 23,856,308,367**	P 19,141,844,285	P 14,943,310,344

	2023	2022
Assets		
Segment assets	**P 422,165,955,992**	P 391,728,301,149
Investments in associates	**3,069,422,324**	3,138,183,202
Financial assets at fair value through other comprehensive income	**5,390,622,368**	5,253,799,848
Advances to other related parties	**6,266,708,060**	6,378,875,057
Other unallocated assets	**3,680,009,429**	2,712,378,044
Total assets reported in the consolidated statements of financial position	**P 440,572,718,173**	P 409,211,537,300
Liabilities		
Segment liabilities	**P 175,334,634,287**	P 162,115,899,242
Advances from other related parties	**1,247,044,914**	2,126,611,006
Other unallocated liabilities	**3,323,193,000**	3,948,504,100
Total liabilities reported in the consolidated statements of financial position	**P 179,904,872,201**	P 168,191,014,348

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2023	2022
Cash on hand and in banks	**P 9,386,227,441**	P 13,217,086,693
Short-term placements	**15,728,789,793**	14,537,481,753
	P 25,115,017,234	P 27,754,568,446

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods between 30 to 60 days and earn effective interest ranging from 0.50% to 6.25% in 2023, 0.50% to 5.70% in 2022, and 0.05% to 4.50% in 2021 (see Note 23).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2023	2022
Current:			
Trade	15.3(h), 27.1	**P 24,672,722,893**	P 25,129,843,967
Allowance for impairment		**(708,270,478)**	(749,340,938)
		23,964,452,415	24,380,503,029
Advances to associates and other related parties	27.2	**6,266,708,060**	6,378,875,057
Others		**5,695,361,868**	5,146,909,136
Balance carried forward		**P 35,926,522,343**	P 35,906,287,222

	Notes	2023	2022
Balance brought forward		**P 35,926,522,343**	P 35,906,287,222
Non-current:			
Trade	15.3(h)	**23,640,010,441**	16,458,299,794
Allowance for impairment		**(12,224,936)**	(12,224,936)
		23,627,785,505	16,446,074,858
Others	27.1	**5,130,372,904**	4,589,496,313
		28,758,158,409	21,035,571,171
		P 64,684,680,752	P 56,941,858,393

Trade receivables mainly pertain to receivables from real estate sales and rental transactions.

The installment period of sales contracts averages one to five years. Noninterest-bearing trade receivables from real estate sales with maturity of more than one year after the end of the reporting period are remeasured at amortized cost using the effective interest rate of similar financial instruments. Interest income recognized amounted to P1,129.9 million, P799.0 million and P641.6 million in 2023, 2022 and 2021, respectively. These amounts are presented as part of Interest income from trade receivables under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

Others include finance lease receivables arising from sublease transaction entered by the Group [see Note 31.1(b)]. As of December 31, 2023 and 2022, the current portion of the finance lease receivables amounted to P2.0 million and P112.2 million, respectively, while non-current portion amounted to P315.1 million and P408.6 million, respectively. Other current receivables include certain advances to condominium associations and other counterparties within the ordinary course of business, which are expected to be realized within 12 months from the end of the reporting periods.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 32.3(b)].

A reconciliation of the allowance for impairment losses on trade receivables at the beginning and end of 2023 and 2022 is shown below.

	Current	Non-current	Total
December 31, 2023:			
Balance at beginning of year	**P 749,340,938**	**P 12,224,936**	**P 761,565,874**
Reversal of impairment	**(41,070,460)**	**-**	**(41,070,460)**
Balance at end of year	**P 708,270,478**	**P 12,224,936**	**P 720,495,414**
December 31, 2022:			
Balance at beginning of year	P 761,550,836	P 12,224,936	P 773,775,772
Reversal of impairment	(12,147,563)	-	(12,147,563)
Write off	(62,335)	-	(62,335)
Balance at end of year	P 749,340,938	P 12,224,936	P 761,565,874

In 2023 and 2022, based on management's reassessment of recoverability of receivables, the Group reversed a portion of allowance for impairment amounting to P41.1 million and P12.1 million, respectively. The resulting gain on reversal is presented as part of Miscellaneous – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

7. INVENTORIES

The composition of this account as at December 31 is shown below.

	2023	2022
Residential and condominium units	**P 109,694,023,497**	P 99,244,736,147
Raw land inventory	**12,396,943,363**	11,823,319,249
Property development costs	**9,480,158,869**	9,509,115,059
Golf and resort shares	**2,921,966,362**	2,874,136,306
	P 134,493,092,091	P 123,451,306,761

Residential and condominium units mainly pertain to the accumulated costs incurred in developing the Group's horizontal and condominium projects and certain integrated-tourism projects.

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Residential and condominium units.

Raw land inventory pertains to properties which the Group intends to develop into residential properties to be held for sale.

Golf and resort shares pertain to proprietary or membership shares (landowner resort shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100 per share.

Borrowing costs capitalized as part of inventories amounted to P541.4 million and P727.2 million in 2023 and 2022, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund its construction projects (see Notes 15 and 16).

None of the Group's inventories are used as collateral for its interest-bearing loans and borrowings.

Based on management's assessment, there is no allowance for inventory write-down is required to be recognized in 2023, 2022 and 2021; hence, inventories are recorded at cost as at December 31, 2023 and 2022.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	2023	2022
Creditable withholding taxes		**P 4,277,169,503**	P 1,949,539,045
Input VAT		**4,248,890,893**	3,620,500,726
Deferred commission	20.3	**2,086,771,425**	1,962,421,561
Prepaid rent and other prepayments		**1,934,512,986**	2,151,545,978
Deposits		**446,777,052**	72,579,834
Derivative asset	30	**62,038,593**	197,431,085
Others		**524,236,525**	411,015,871
		P 13,580,396,977	P10,365,034,100

Others include supplies and food and beverage inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of December 31, financial assets at FVOCI is composed of the following:

	Notes	2023	2022
Equity securities:	34.2		
Quoted		**P 3,123,647,415**	P 3,102,154,694
Unquoted		**2,266,974,953**	2,151,645,154
	27.4	**P 5,390,622,368**	P 5,253,799,848

The Group's securities are investments from local entities.

The reconciliation of the carrying amount of financial assets at FVOCI is as follows:

	2023	2022
Balance at beginning of year	**P 5,253,799,848**	P 5,760,368,447
Additions and translation adjustments	**35,341,658**	73,214,483
Fair value gains (losses)	**101,480,862**	(579,783,082)
Balance at end of year	**P 5,390,622,368**	P 5,253,799,848

The quoted equity securities pertain to investments in publicly-listed holding and service companies with fair values determined directly by reference to published prices in the PSE.

Other information about the fair value measurement and disclosures related to the investments in financial assets are presented in Note 34.2.

In 2023, 2022 and 2021, the Group received cash dividends amounting to P36.5 million, P21.4 million and P24.5 million, respectively. The amount of dividends received is presented as Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

10.1 Advances to Landowners and Joint Operators

The Group enters into numerous joint arrangements for the joint development of various projects. These are treated as jointly-controlled operations. The joint arrangements stipulate that the Group's co-operator shall contribute parcels of land while the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of residential and condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Group on these projects are recorded under the Inventories account in the consolidated statements of financial position (see Note 2.6).

The Group also grants noninterest-bearing secured cash advances to a number of landowners and joint ventures under agreements they entered into with the landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Group, in addition to providing specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as the relocation of existing occupants.

The total amount of advances made by the Group less repayments, is presented as part of the Advances to Landowners and Joint Operators account in the consolidated statements of financial position.

As at December 31, 2023 and 2022, management has assessed that the advances to joint ventures are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

	2023	2022
Total commitment for construction expenditures	**P63,640,179,854**	P54,990,686,120
Total expenditures incurred	**(33,633,489,683)**	(36,794,191,122)
Net commitment	**P30,006,690,171**	P18,196,494,998

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2023 and 2022. The listing of the Group's jointly-controlled projects are as follows:

Parent Company:
- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- The Maple Grove
- Vion Tower
- Arden Botanical
- Arden West Park

GERI:
- Alabang West
- Caliraya Spring
- Forest Hills
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- Holland Park
- Sta. Barbara Heights Shophouse District

EELHI:
- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon Projects

SPI:
- Capitol Plaza
- Governor's Hills
- Mandara
- Sta. Rosa Heights
- Sta. Rosa Hills
- Sentosa
- Asmara
- 88 Gibraltar
- One Lakeshore
- Two Lakeshore
- Riva Bella
- Solana
- Gentri Heights
- Fountain Grove
- Palm City
- The Mist Residence

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as at December 31, 2023 and 2022, and income and expenses for years ended December 31, 2023, 2022 and 2021 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint ventures.

As at December 31, 2023 and 2022, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

10.2 Advances from Joint Operators

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint arrangements entered into by the Group.

The advances from golf share partners and lot owners recognized in 2023 and 2022 amounted to P250.5 million and P348.0 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 27.3).

11. INVESTMENTS IN ASSOCIATES

11.1 Breakdown of Carrying Values

The details of investments in associates, accounted for using the equity method, are as follows:

	2023	2022
Acquisition costs:		
SUN	**P 2,619,800,008**	P 2,619,800,008
NPI	**734,396,528**	734,396,528
BWDC	**199,212,026**	199,212,026
PTHDC	**64,665,000**	64,665,000
	3,618,073,562	3,618,073,562
Accumulated equity in net losses:		
Balance at beginning of year	**(555,149,548)**	(399,719,957)
Equity share in net losses of associates for the year	**(65,412,001)**	(155,429,591)
Balance at end of year	**(620,561,549)**	(555,149,548)
Accumulated equity in other comprehensive income:		
Balance at beginning of year	**75,259,188**	69,120,911
Share in other comprehensive income (loss) of associates	**(3,348,877)**	6,138,277
Balance at end of year	**71,910,311**	75,259,188
	P 3,069,422,324	P 3,138,183,202

The shares of stock of SUN are listed in the PSE which closed at P0.85 and P0.99 per share as of December 31, 2023 and 2022, respectively. The fair values of all other investments in associates are not available as at December 31, 2023 and 2022. The related book values of the Group's holdings in all of the associates exceed or approximate their carrying values; hence, management deemed that the recognition of impairment loss is not necessary.

Investment in SUN

In October 2019, the Parent Company acquired additional 115.0 million shares of SUN at market price, totaling P100.1 million. Subsequently, the Group disposed of a certain number of shares. In December 2019, the Parent Company subscribed to additional 2,177 million shares from SUN at P1.00 par value. The Parent Company paid P1.25 billion out of the P2.20 billion additional subscribed capital, the unpaid portion is presented as Subscription payable under Other Current Liabilities account in the consolidated statements of financial position (see Note 19). In 2023, the Parent Company paid its subscription payable to SUN in full.

11.2 Summarized Financial Information

The aggregated amounts of assets, liabilities, equity, revenues, net profit (loss), other comprehensive income (loss) of the associates are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2023					
SUN	P 7,642,889,468	P 37,572,386,482	P 2,037,311,231	P 33,636,653,715	P 9,541,310,355
NPI	2,605,644	5,597,191,487	1,243,127,835	-	4,355,062,207
BWDC	777,488,167	2,116,168,144	834,439,227	64,984,224	1,994,232,860
PTHDC	1,135,127,795	60,591	1,010,586,772	-	124,601,614
	P 9,558,111,074	**P 45,285,806,704**	**P 5,029,397,037**	**P 33,701,637,939**	**P 16,015,207,036**
December 31, 2022					
SUN	P 2,398,121,447	P 29,009,661,526	P 1,205,652,756	P 21,687,136,439	P 8,514,993,778
NPI	255,482,161	5,411,008,680	1,317,011,624	-	4,349,490,845
BWDC	1,164,689,219	1,561,088,561	882,400,998	49,000,000	1,794,376,782
PTHDC	1,134,973,333	107,914	1,010,203,132	-	124,878,115
	P 4,953,266,160	P 35,981,866,681	P 4,415,268,510	P 21,736,136,439	P 14,783,739,520

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2023			
SUN	P 99,759	(P 348,051,058)	(P 13,132,855)
NPI	473	(3,263,442)	-
BWDC	211,774,598	116,865,673	-
PTHDC	16,461	(168,602)	-
	P 211,891,291	**(P 234,617,429)**	**(P 13,132,855)**
2022			
SUN	P 13,196	(P 557,052,537)	P 24,071,676
NPI	-	-	-
BWDC	150,838,321	73,823,084	-
PTHDC	5,978	(178,880)	-
	P 150,857,495	(P 483,408,333)	P 24,071,676
2021			
SUN	P 358,988	(P 504,878,084)	P 61,547,638
NPI	-	-	-
BWDC	75,876,205	(10,380,773)	-
PTHDC	1,354	(258,146)	-
	P 76,236,547	(P 515,517,003)	P 61,547,638

The reconciliation of the above summarized financial information to the carrying amount of the interest in associates are as follows:

	SUN	BWDC	NPI	PTHDC	Total
2023					
Net assets at end of year	P 9,541,310,355	P 1,994,232,860	P 4,355,062,207	P 124,601,614	P 16,014,208,481
Equity ownership interest	34%	46%	12%	40%	
	3,244,045,521	919,540,772	501,703,166	49,840,645	4,822,955,849
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,20	290,706341
Share in bond option reserves	(1,905,493,167)	(87,305,678)	-	-	(1,994,232,860)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	38,266,834	-	-	(510,393,202)
Total carrying amount	**P 1,466,023,690**	**P 806,833,453**	**P 732,082,333**	**P 64,482,848**	**P 3,069,422,324**

	SUN	BWDC	NPI	PTHDC	Total
2022					
Net assets at end of year	P 8,514,994,278	P 1,794,376,782	P 4,349,490,845	P 124,878,115	P 14,783,728,392
Equity ownership interest	34%	46%	12%	40%	
	2,895,098,055	827,387,134	501,061,345	49,951,246	4,381,363,525
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	290,706,341
Share in bond option reserves	(1,905,473,167)	(87,305,678)	-	-	(1,994,232,860)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	-	-	-	-	-
Total carrying amount	P 1,589,202,592	P 752,946,649	P 731,440,512	P 64,593,448	P 3,138,183,202

12. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2023 and 2022 are shown below.

	Land	**Buildings**	**Total**
December 31, 2023			
Cost	P 29,983,203,130	P 128,457,161,423	P 158,440,364,553
Accumulated depreciation	-	(23,284,815,673)	(23,284,815,673)
Net carrying amount	**P 29,983,203,130**	**P 105,172,345,750**	**P 135,155,548,880**
December 31, 2022			
Cost	P 29,987,225,960	P 118,552,303,984	P 148,539,529,944
Accumulated depreciation	-	(20,437,685,406)	(20,437,685,406)
Net carrying amount	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
January 1, 2022			
Cost	P 27,587,597,724	P 109,340,437,817	P 136,928,035,541
Accumulated depreciation	-	(17,705,786,594)	(17,705,786,594)
Net carrying amount	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022 and 2021 of investment properties is shown below.

	Land	Buildings	Total
Balance at January 1, 2023, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
Additions	497,371,630	10,359,896,645	10,857,268,275
Transfer to inventories	(501,394,460)	(455,039,206)	(956,433,666)
Depreciation charges for the year	-	(2,847,130,267)	(2,847,130,267)
Balance at December 31, 2023, net of accumulated depreciation	**P 29,983,203,130**	**P 105,172,345,750**	**P 135,155,548,880**
Balance at January 1, 2022, net of accumulated depreciation	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947
Additions	2,400,461,041	9,714,938,191	12,115,399,232
Transfer to property and equipment	-	(503,072,024)	(503,072,024)
Disposal	(832,805)	-	(832,805)
Depreciation charges for the year	-	(2,731,898,812)	(2,731,898,812)
Balance at December 31, 2022, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
Balance at January 1, 2021, net of accumulated depreciation	P 27,000,062,823	P 87,982,426,606	P 114,982,489,429
Additions	587,935,371	6,467,491,089	7,055,426,460
Disposal	(400,470)	-	(400,470)
Depreciation charges for the year	-	(2,815,266,472)	(2,815,266,472)
Balance at December 31, 2021, net of accumulated depreciation	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947

Rental income earned from these properties arising from the Group's operating leases amounted to P17,854.5 million, P15,653.7 million and P13,319.6 million in 2023, 2022 and 2021, respectively, and is shown as Rental Income in the consolidated statements of income. There is no rental income arising from finance lease in 2023, 2022 and 2021. The direct operating costs, exclusive of depreciation incurred by the Group relating to these investment properties amounted to P1,016.2 million in 2023, P937.0 million in 2022, and P802.7 million in 2021. On the other hand, the direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2023, 2022 and 2021 amounted to P28.2 million, P32.6 million, and P29.6 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1.

The rental income from the operating leases of the Group is composed of the following:

	2023	2022	2021
Fixed	**P17,025,278,807**	P 15,183,208,932	P 12,872,766,092
Variable	**829,187,241**	470,519,038	446,814,152
	P17,854,466,048	P 15,653,727,970	P 13,319,580,244

In 2021, the Group sold certain parcels of land with a total carrying value of P0.4 million for a total consideration of P136.6 million to a related party under common ownership (see Note 27.9). The related gain on disposal amounting to P136.2 million is presented as Gain on sale of properties under Interest and Other Income – net in the 2021 consolidated statement of income (see Note 23).

Borrowing costs that are capitalized as part of investment properties amounted to P2,421.6 million and P1,383.3 million in 2023 and 2022, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund their construction projects (see Notes 15 and 16).

Depreciation of investment properties is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

The fair market values of the properties that generated rental income in 2023 and 2022 are P481.5 billion and P464.8 billion as at December 31, 2023 and 2022, respectively, while the fair market value of idle land is P55.5 billion both as of December 31, 2023 and 2022. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 34.4.

As of December 31, 2023 and 2022, the Group does not have any contractual commitments for acquisition of investment properties.

None of the Group's investment properties are used as collateral for its interest-bearing loans and borrowings.

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Buildings & Improvements	Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
December 31, 2023							
Cost	P8,511,950,486	P 2,352,636,135	P 574,301,053	P 667,293,977	P 245,672,573	P 486,793,141	P 12,838,647,365
Accumulated depreciation and amortization	(2,390,453,076)	(1,775,114,346)	(472,681,812)	(599,479,075)	-	(327,723,758)	(5,565,452,067)
Net carrying amount	**P6,121,497,410**	**P 577,521,789**	**P 101,619,241**	**P 67,814,902**	**P 245,672,573**	**P 159,069,383**	**P 7,273,195,298**
December 31, 2022							
Cost	P8,124,859,537	P 2,102,841,166	P 550,897,630	P 625,069,481	P 245,672,573	P 486,793,141	P 12,136,133,528
Accumulated depreciation and amortization	(2,081,008,650)	(1,580,869,769)	(405,958,248)	(570,229,582)	-	(301,156,695)	(4,939,222,944)
Net carrying amount	P6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
January 1, 2022							
Cost	P7,382,669,895	P 1,772,495,392	P 465,326,962	P 576,330,596	P 245,672,575	P 286,374,169	P 10,728,869,587
Accumulated depreciation and amortization	(1,830,502,734)	(1,404,967,191)	(358,856,827)	(529,501,166)	-	(74,153,873)	(4,197,981,791)
Net carrying amount	P 5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,575	P 212,220,296	P 6,530,887,796

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022 and 2021, of property and equipment is shown below.

	Buildings & Improvements	Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
Additions	387,090,949	278,118,891	27,064,086	42,603,961	-	-	734,877,887
Disposals	-	(28,323,922)	(3,660,663)	(379,464)	-	-	(32,364,049)
Depreciation charges For the year	(309,444,426)	(194,244,577)	(66,723,564)	(29,249,494)	-	(26,567,063)	(626,229,124)
Balance at December 31, 2023, net of accumulated depreciation	**P6,121,497,410**	**P 577,521,789**	**P 101,619,241**	**P 67,814,902**	**P 245,672,573**	**P 159,069,383**	**P 7,273,195,298**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,573	P 212,220,296	P 6,530,887,796
Additions	239,117,618	351,338,233	86,571,155	56,054,796	-	-	733,081,802
Transfer from Investment property	503,072,024	-	-	-	-	-	503,072,024
Disposals	-	(20,992,459)	(1,000,487)	(7,315,911)	-	-	(29,308,857)
Depreciation charges for the year	(250,505,916)	(175,902,578)	(47,101,421)	(40,728,416)	-	(26,583,850)	(540,822,182)
Balance at December 31, 2022, net of accumulated depreciation	P6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
Balance at January 1, 2021, net of accumulated depreciation and amortization	P5,561,112,958	P 461,715,312	P 122,440,750	P 76,713,128	P 245,672,573	P 251,945,284	P 6,719,600,005
Additions	311,632,036	153,516,424	32,451,000	21,499,502	-	3,560,977	522,659,939
Derecognition	-	(47,388,166)	-	-	-	(14,776,324)	(62,164,490)
Disposals	-	(2,551,136)	-	(963,179)	-	-	(3,514,315)
Depreciation charges for the year	(320,577,833)	(197,764,233)	(48,421,615)	(50,420,021)	-	(28,509,641)	(645,693,343)
Balance at December 31, 2021, net of accumulated depreciation	P5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,573	P 212,220,296	P 6,530,887,796

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the statement of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2023					
Offices	**6**	**1 – 12 years**	**3 years**	**3**	**1**
Commercial lot	**4**	**1 – 24 years**	**15 years**	**2**	**1**
2022					
Offices	6	1 – 12 years	4 years	3	1
Commercial lot	4	1 – 25 years	16 years	2	1

The breakdown of the Group's right-of-use assets as at December 31, 2023 and 2022 and the movements during the years are shown below.

	Offices	Commercial Lot	Total
Balance at January 1, 2023	P 7,979,187	P 177,657,259	P 185,636,446
Depreciation and amortization	(3,504,461)	(23,062,602)	(26,567,063)
Balance at December 31, 2023	**P 4,474,726**	**P 154,594,657**	**P 159,069,383**
Balance at January 1, 2022	P 11,501,347	P 200,718,949	P 212,220,296
Depreciation and amortization	(3,522,160)	(23,061,690)	(26,583,850)
Balance at December 31, 2022	P 7,979,187	P 177,657,259	P 185,636,446
Balance at January 1, 2021	P 28,163,734	P 223,781,550	P 251,945,284
Additions	3,560,977	-	3,560,977
Derecognition	(14,776,324)	-	(14,776,324)
Depreciation and amortization	(5,447,040)	(23,062,601)	(28,509,641)
Balance at December 31, 2021	P 11,501,347	P 200,718,949	P 212,220,296

As of December 31, 2023 and 2022, the Group does not have any contractual commitments for acquisition of property and equipment.

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

14. OTHER NON-CURRENT ASSETS

This account consists of:

	Note	2023	2022
Goodwill		**P 1,385,124,597**	P 1,385,124,597
Guarantee and other deposits		**890,420,128**	1,050,101,840
Deferred commission	20.3	**310,502,008**	1,034,827,696
Leasehold rights – net		**76,617,383**	83,582,600
Miscellaneous		**260,662,908**	206,053,383
		P 2,923,327,024	P3,759,690,116

Goodwill primarily relates to growth expectations arising from operational efficiencies that will be achieved by combining the resources, skills and expertise of the Parent Company and its subsidiaries. Significant portion of the total goodwill is allocated to GERI, MLI, and STLI amounting to P947.1 million, P255.1 million and P94.9 million, respectively. The remaining P88.0 million is allocated to other subsidiaries.

The recoverable amounts of the cash generating units assigned to GERI, MLI and STLI are P83.9 billion, P565.6 million and P5.6 billion, respectively, at end of 2023 and P76.6 billion, P445.5 million and P2.9 billion, respectively, respectively, at end of 2022. These were computed using cash flows projections covering a five-year period and extrapolating cash flows using a conservative steady growth rate of 3.0% in 2023 and 2.6% in 2022. The aggregate recoverable amounts of the cash generating units assigned to other subsidiaries is P100.3 million and P96.6 million in 2023 and 2022, respectively, while the average growth rate used in extrapolating cash flows covering five-year projections is 5%. The average discount rates applied in determining the present value of future cash flows is 6.8% in 2023 and 8.2% in 2022.

The discount rates and growth rates are the key assumptions used by management in determining the value in use of the cash generating units. Based on management's analysis, no impairment is required to be recognized on goodwill. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying value of the cash generating units to exceed their respective value in use.

Goodwill is subject to annual impairment testing while leasehold rights is subject to testing whenever there is an indication of impairment. No impairment losses were recognized in 2023, 2022 and 2021 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

Leasehold rights represent separately identifiable asset recognized from the acquisition of GPARC and is amortized over a period of 20 years. Leasehold rights amortization amounted to P7.0 million each in 2023, 2022 and 2021, and is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

Guarantee deposits mainly pertain to payments made for compliance with construction requirements in relation to the Group's real estate projects.

Miscellaneous assets include certain intangible and other assets, which are expected to be realized for more than 12 months from the end of the reporting periods.

15. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing Loans and Borrowings account represents the following loans of the Group as at December 31:

	2023	2022
Parent Company:		
Php-denominated	**P 37,290,817,319**	P 31,382,744,047
U.S. dollar-denominated	**12,043,982,455**	2,341,894,555
	49,334,799,774	33,724,638,602
Subsidiaries –		
Php-denominated	**22,445,516,444**	15,933,857,618
	P 71,780,316,218	P 49,658,496,220

The current and non-current classification of the Group's Interest-bearing Loans and Borrowings is shown below.

	2023	2022
Current	**P 16,625,470,088**	P 12,691,010,973
Non-current	**55,154,846,130**	36,967,485,247
	P 71,780,316,218	P 49,658,496,220

The Group is required to maintain certain financial ratios to comply with its debt covenants with local banks. These include maintaining a minimum debt to equity ratio, current ratio and debt service coverage ratio. The Group is compliant with its debt covenants.

Finance costs arising from interest-bearing loans that are mainly and directly attributable to construction of the Group's projects are capitalized as part of Inventories and Investment Properties accounts. The remaining interest costs are expensed outright.

The total finance costs attributable to all the loans of the Group amounted to P3,774.9 million, P2,104.2 million and P2,251.7 million in 2023, 2022 and 2021, respectively. Of these amounts, portion charged as expense amounted to P1,454.1 million, P833.9 million and P788.9 million in 2023, 2022 and 2021, respectively, and are presented as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 24). Interest capitalized in 2023, 2022 and 2021 amounted to P2,320.7 million, P1,270.3 million and P1,462.8 million, respectively. The outstanding interest payable as of December 31, 2023 and 2022 is presented as part of Accrued Interests under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Capitalization rate used in determining the amount of interest charges qualified for capitalization is 3.23%, 3.11% and 3.01% in 2023, 2022 and 2021, respectively.

The reconciliation of the unamortized loans issue costs is presented below.

	2023	2022	2021
Balance at beginning of year	**P 153,325,001**	P 151,754,133	P 106,676,331
Additions	**242,727,000**	75,000,000	120,000,000
Amortization	**(83,128,993)**	(73,429,132)	(74,922,198)
Balance at end of year	**P 312,923,008**	P 153,325,001	P 151,754,133

The amortization of loans issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

15.1 Parent Company

(a) Philippine Peso, five-year loan due 2023

In December 2018, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in March 2021 and interest is paid quarterly based on a fixed 7.85% annual interest rate which was further negotiated to 6.3% effective September 4, 2020. In 2023, the Parent Company has paid in full its outstanding loan balance.

(b) U.S. Dollar, five-year loan due 2024

In September 2019, the Parent Company obtained an unsecured long-term loan from a local bank amounting to U.S. $95.62 million. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and a floating interest is paid quarterly based on a 3-month LIBOR plus a certain spread. The Parent Company entered into across-currency swap transaction to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 27).

(c) Philippine Peso, five-year loan due 2024

In December 2019, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and interest is paid quarterly based on the higher of 4.75% fixed rate and floating rate plus certain spread. The interest rate is subject for review beginning on the fourth year.

(d) Philippine Peso, five-year loan due 2025

In March 2020, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in June 2022 and a floating interest is paid quarterly based on a 5-day average reference rate plus a certain spread.

(e) Philippine Peso, five-year loan due 2026

In March 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in March 2022. Interest on the loan is fixed at 4.00% payable quarterly.

(f) Philippine Peso, five-year loan due 2026

In May 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P6.0 billion. The loan is payable quarterly beginning August 2022. The interest is payable quarterly at a floating rate.

(g) Philippine Peso, five-year loan due 2026

In August 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(h) Philippine Peso, five-year loan due 2027

In September 2022, the Parent Company obtained an unsecured P10.0 billion loan from a local bank. Principal is payable in quarterly installments at the end of the 5th quarter from the drawdown date. The loan is payable quarterly beginning December 2023. The interest is payable quarterly at a floating rate.

(i) Philippine Peso, five-year loan due 2028

In March 2023, the Parent Company obtained a loan of P5.0 billion from a local bank. Principal of the loan is payable quarterly starting from the drawdown date for a period of five years. Interest on the loan is payable semi-annually for the first 184 days with 6.35% per annum inclusive of gross receipt tax which is subject to semi-annual repricing interest rate. The loan is payable quarterly for a term of five years with the first principal payment due in June 2024. The interest is payable semi-annually at a floating rate.

(j) Philippine Peso, five-year loan due 2028

In June 2023, the Parent Company obtained a P10.0 billion loan from a local bank. The loan is payable quarterly for a term of five years with twelve month grace period. Interest of the loan is payable quarterly on a floating rate.

(k) U.S Dollar, five-year loan due 2028

In April 2023, the Parent Company obtained a loan from a local bank amounting to $200.0 million. The loan shall be paid in sixteen equal or nearly equal consecutive installments commencing at the end of the fifth quarter from the date of borrowing on a repayment date. Each installment shall be paid on a repayment date with floating interest rate.

15.2 EELHI

Philippine Peso, seven-year loan due in 2028

In 2021, EELHI obtained an unsecured interest-bearing, seven-year, P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate of 3.5% per annum. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.

15.3 SPI

(a) Philippine Peso, five-year loan due in 2025

In 2018, SPI obtained an unsecured long-term loan from a local bank amounting to P2.2 billion. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loan bears 4.50% floating interest subject to repricing every 30 to 180 days and will mature in 2025. The proceeds of the loan were used to fund the acquisition of STLI in 2018.

(b) Philippine peso, seven-year loan due in 2027

In 2020, SPI obtained an unsecured long-term loan from a local bank amounting to P300.0 million. The loan bears fixed interest of 4.50%. The principal amount is payable on a monthly basis after a grace period of two years from the date of availment.

(c) Philippine peso, six-month loan

In 2021, SPI obtained an unsecured loan from a local bank amounting to P500.0 million. The loan bears fixed interest of 4.0%. The principal amount is payable at maturity date.

(d) Philippine Peso, various six-year loans due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P400.0 million and P200.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bear fixed interest rates of 4.38% and 4.50%, respectively.

(e) Philippine Peso, six-year loan due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P100.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bears floating interest rate of 4.38% subject to quarterly repricing.

(f) Philippine Peso, seven-year loan due in 2029

In 2022, SPI obtained an unsecured long-term loan from a local bank amounting to P500.0 million. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 5%.

(g) Philippine Peso, various six-year loan due in 2029

In 2023, SPI obtained two unsecured long-term loans from a local bank amounting to P1.0 billion and P0.5 billion. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 7.13% for both loans.

(h) Philippine Peso, various short-term loans

SPI obtained various unsecured short-term loans from different local banks. The loans bear fixed and floating interest ranging from 4.0% to 6.25%. There are no outstanding balance as of December 31, 2023 due to the repayments made by the Company.

(i) Philippine Peso, liability on assigned receivables

In 2023 and prior years, SPI obtained various loans from a local bank through assignment of trade receivables with recourse (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans bear floating interests ranging from 5.50% to 15.00%. The loans and interests are being paid as the receivables are collected. The outstanding balance pertaining to these loans as of December 31, 2023 and 2022 amounted to P0.3 billion and P0.4 billion, respectively.

The assigned trade receivables have an average term between 10 to 15 years and bear interests between 10% to 15%. The carrying value of assigned receivables is equal to the outstanding balance of the loan as of December 31, 2023 and 2022 and none were found to be impaired.

15.4 GERI

(a) Philippine Peso, five-year loan due 2024

In 2019, GERI obtained an unsecured long-term loan from a local bank amounting to P2.0 billion, payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(b) Philippine Peso, five-year loan due 2027

In December 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating interest rate and is payable quarterly in arrears.

(c) Philippine Peso, seven-year loan due 2027

In March 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of two years upon availment. The loan bears a floating interest rate and is payable quarterly in arrears.

(d) Philippine Peso, four-year loan due 2025

In July 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of four years commencing at the beginning of the fifth quarter from the date of availment. The loan bears a fixed interest rate of 5.37% and is payable quarterly in arrears.

(e) Philippine Peso, five-year loan due 2025

In September 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years commencing on the beginning of the ninth quarter from the date of availment. The loan bears a fixed interest rate of 5.26% and is payable quarterly in arrears.

(f) Philippine Peso, five-year loan due 2028

In May 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(g) Philippine Peso, five-year loan due 2028

In October 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(h) Philippine Peso, five-year loan due 2028

In December 2023, GERI obtained an unsecured long-term loan facility from a local bank amounting to P2.0 billion, in which P1.5 billion have already been availed as of period date. The loan is payable quarterly for a term of five years, bears a floating interest rate and is payable quarterly in arrears.

15.5 TLC

(a) Philippine Peso, five-year loan due 2024

In August and November 2019, TLC obtained an unsecured and interest-bearing loans from a local commercial bank amounting to P300.0 million and P200.0 million, respectively, for funding requirements of the construction of a project. The loans bear floating interest rates and are payable in quarterly installments commencing in November 2020 until the loans are fully-settled.

In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million. The loans bear floating interest rates ranging from 5.0% to 5.3% subject to 30 to 180 days repricing. Quarterly installments beginning in November 2020 are due until the loan is fully settled in 2024 for all interest-bearing loans.

(b) Philippine Peso, five-year loan due 2028

In June 2023, TLC obtained unsecured interest-bearing loans from a local commercial bank amounting to P1.5 billion to finance capital expenditure related to various on-going real estate development projects. The loan bears a floating interest rates with a floor rate of 6.75%. Quarterly installments commencing at the 5th quarter from the date of the initial drawdown.

15.6 MREIT

Philippine Peso, ten-year loan due 2031

In December 2021, MREIT obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties from the Parent Company. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing on December 2024.

15.7 MBPHI

Philippine Peso, five-year loan due 2028

In 2023, MBPHI obtained an unsecured long-term peso loan from a local commercial bank to support its funding requirements of the construction of various projects, which amounted to P 3.0 billion. The principal amount is payable equal quarterly amortization over the next four years after a grace period of one year. The loan is subject to a fixed interest rate of 7.15%.

16. BONDS AND NOTES PAYABLE

This account is composed of the following:

	2023	2022
Philippine peso	**P 11,997,992,546**	P 11,989,962,729
U.S. dollar	**19,116,598,705**	33,249,112,781
	P 31,114,591,251	P 45,239,075,510

The current and non-current classification of the Group's Bonds and Notes Payable is shown below.

	2023	2022
Current	**P 11,997,992,546**	P 14,026,453,110
Non-current	**19,116,598,705**	31,212,622,400
	P 31,114,591,251	P 45,239,075,510

(a) U.S. Dollar, seven-year senior unsecured notes due 2027

On July 30, 2020, the Parent Company issued seven-year senior unsecured notes totaling to U.S. $350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes shall mature on July 30, 2027. The notes are listed in the Singapore Exchange Securities Trading Limited (SGX-ST).

(b) Philippine Peso, seven-year bonds due 2024

On March 28, 2017, the Parent Company issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.35% payable semi-annually in arrears every March 28 and September 28. The bonds shall mature on March 28, 2024. The bonds are listed Philippine Dealing & Exchange Corp. (PDEx).

(c) U.S. Dollar, ten-year bonds due 2023

On April 17, 2013, the Parent Company issued ten-year term bonds totaling U.S. $250 million. The bond carries a coupon rate of 4.25% per annum and interest is payable semi-annually in arrears every April 17 and October 17. The proceeds of the bond issuance are being used by the Parent Company for general corporate purposes. The bonds are listed in the SGX-ST. In 2023, the Parent Company has paid in full its outstanding balance.

The Parent Company has complied with bond covenants including maintaining certain financial ratios at the end of the reporting periods.

The total interest incurred on these bonds amounted to P1,692.7 million, P2,139.4 million and P1,983.9 million in 2023, 2022 and 2021, respectively. Of these amounts, the portion charged as expense amounted to P954.7 million, P1,209.5 million and P1,103.1 million in 2023, 2022 and 2021, respectively, and are presented as part of Interest expense under Interest and Other Charges account in the consolidated statements of income (see Note 24). The outstanding interest payable as at December 31, 2023 and 2022 is presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Unrealized foreign currency gains in relation to these foreign bonds are presented as part of Foreign currency gains – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

Interest capitalized amounted to P642.3 million, P840.2 million and P799.4 million in 2023, 2022 and 2021, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.98% in 2023, 3.89% in 2022 and 3.87% in 2021.

The reconciliation of the unamortized bonds issue costs is presented below.

	2023	2022	2021
Balance at beginning of year	**P 367,603,203**	P 457,320,770	P 538,744,014
Amortization	**(95,763,174)**	(89,717,567)	(81,423,244)
Balance at end of year	**P 271,840,029**	P 367,603,203	P 457,320,770

The amortization of bonds issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2023	2022
Trade payables		**P 16,702,654,130**	P 14,927,714,758
Retention payable		**5,787,205,813**	5,198,564,149
Refund liability		**1,798,517,011**	1,495,318,078
Accrued interest	15, 16	**877,966,708**	765,943,568
Miscellaneous		**1,227,660,915**	1,771,225,658
		P 26,394,004,577	P 24,158,766,211

Trade payables mainly represent obligations to subcontractors and suppliers of construction materials for the Group's projects.

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are returned to the contractors. The non-current portion of Retention payable is presented as under Other Non-Current Liabilities in the consolidated statements of financial position (see Note 19).

Refund liability pertains to amounts payable to customers due to sales cancellation in respect of installment sales contracts as covered by the R.A. No. 6552, *Realty Installment Buyer Protection Act,* otherwise known as the Maceda Law.

Miscellaneous payables include withholding taxes payable and accrual of salaries, wages and utilities.

18. REDEEMABLE PREFERRED SHARES

On September 4, 2012, TLC's BOD approved the additional subscriptions to 1,258.0 million preferred shares out of TLC's authorized capital stock as partial payment for certain parcels of land with total fair value of P1,338.2 million. The SEC approved the issuance through the exchange of certain parcels of land on April 17, 2013.

Generally non-voting, these preferred shares earn dividends at a fixed annual rate of 2.5% subject to the existence of TLC's unrestricted retained earnings. The accrued dividends on these preferred shares amounting to P0.5 million as at December 31, 2021(nil in 2022) are presented as part of Other payables under Other Non-current Liabilities account in the 2021 consolidated statement of financial position (see Note 19).

The related interest expense recognized amounting to P11.1 million and P16.9 million in 2022 and 2021, respectively, (nil in 2023) is presented as part of Interest expense under the Interest and Other Charges – Net account in the consolidated statements of income (see Note 24). The preferred shares have a maturity of 10 years and shall be redeemed on every anniversary date beginning on the sixth anniversary date until expiration of the ten-year period. Only 1/5 of the aggregate face value of preferred shares may be redeemed per year during such redemption period, with all remaining shares to be redeemed on the 10th anniversary date.

The preferred shares are considered as financial liabilities. Accordingly, the redeemable preferred shares are recognized at fair value on the date of issuance. The par value of the redeemable preferred shares on the date of issuance approximate their fair value.

All preferred shares were redeemed in full in 2022.

19. OTHER LIABILITIES

This account consists of:

	Notes	**2023**	2022
Current:			
Unearned income		**P 3,514,353,439**	P 3,242,781,577
Advances from customer		**2,305,827,573**	1,912,385,149
Commission payable		**1,807,973,948**	2,077,980,412
Lease liabilities		**38,638,823**	104,635,874
Subscription payable	11.1	**-**	1,114,665,008
Other payables		**1,170,552,108**	923,333,571
		8,837,345,891	9,375,781,591
Non-current:			
Deferred rent - net		**2,715,015,663**	3,160,203,687
Retention payable	17	**1,917,882,592**	1,676,303,061
Lease liabilities		**453,412,304**	506,110,406
Other payables		**888,839,321**	687,380,443
		5,975,149,880	6,029,997,597
		P 14,812,495,771	P 15,405,779,188

Unearned income includes the current portion of deferred rent and advance payment for other services.

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Other current payables mainly pertain to guest deposits from hotels and due to unit owners. Other non-current payables include certain liabilities to various counterparties within the ordinary course of business, which are expected to be settled beyond 12 months from the end of the reporting periods.

The total cash outflows relating to lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

	Note	2023	2022
Principal of lease liability		**P 21,406,494**	P 18,840,748
Interest on lease liability	24	**37,792,646**	38,577,068
		P 59,199,140	P 57,417,816

The maturity analysis of lease liabilities as at December 31 is presented as follows:

	Lease Payment	Finance Charges	Net Present Value
2023			
Within one year	P 77,555,288	(P 38,916,465)	P 38,638,823
After one year but not more than two years	53,384,598	(36,681,883)	16,702,715
After two years but not more than three years	54,566,197	(34,882,487)	19,683,710
After three years but not more than four years	54,665,429	(32,964,810)	21,700,619
After four years but not more than five years	60,304,272	(31,722,948)	28,581,324
More than five years	710,613,250	(343,869,314)	366,743,936
	P 1,011,089,034	**(P 519,037,907)**	**P 492,051,127**
2022			
Within one year	P 142,501,798	(P 37,865,924)	P 104,635,874
After one year but not more than two years	63,285,257	(36,173,595)	27,111,662
After two years but not more than three years	62,139,250	(34,454,513)	27,684,737
After three years but not more than four years	63,142,885	(32,679,378)	30,463,507
After four years but not more than five years	63,380,461	(30,872,412)	32,508,049
More than five years	750,707,596	(362,365,145)	388,342,451
	P 1,145,157,247	(P 534,410,967)	P 610,746,280

The Group has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short term leases amounting to P134.2 million, P177.3 million and P77.0 million in 2023, 2022 and 2021, respectively, presented as Rent under Operating Expenses under Cost and Expenses in the statements of income (see Note 22).

20. REVENUES

20.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and hotel operations. An analysis of the Group's major sources of revenues and the types of products and services is presented below.

	Segments		
	Real Estate	**Hotel Operations**	**Total**
2023			
Residential and office units	P 35,284,062,846	P -	P 35,284,062,846
Lots only	7,437,052,376	-	7,437,052,376
Room accommodation	-	2,438,940,536	2,438,940,536
Food and beverages	-	1,206,195,298	1,206,195,298
Other hotel services	-	161,928,111	161,928,111
	P 42,721,115,222	**P 3,807,063,945**	**P 46,528,179,167**
2022			
Residential and office units	P 31,476,429,945	P -	P 31,476,429,945
Lots only	5,373,562,660	-	5,373,562,660
Room accommodation	-	1,697,907,158	1,697,907,158
Food and beverages	-	828,253,238	828,253,238
Other hotel services	-	77,549,482	77,549,482
	P 36,849,992,605	P 2,603,709,878	P 39,453,702,483
2021			
Residential and office units	P 27,349,657,783	P -	P 27,349,657,783
Lots only	3,779,759,941	-	3,779,759,941
Room accommodation	-	1,427,615,363	1,427,615,363
Food and beverages	-	471,620,410	471,620,410
Other hotel services	-	29,627,308	29,627,308
	P 31,129,417,724	P 1,928,863,081	P 33,058,280,805

20.2 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as of December 31 are as follows:

	2023		2022	
	Contract Assets	**Contract Liabilities**	Contract Assets	Contract Liabilities
Balance at beginning of year	**P19,619,923,773**	**P 8,246,421,530**	P19,922,247,362	P 7,403,695,808
Transfers from contract assets recognized at the beginning of year to trade receivables	**(4,330,225,952)**	**-**	(8,200,052,415)	-
Increase due to satisfaction of performance obligation over time, net of cash collections	**10,431,752,509**	**-**	7,789,728,826	-
Revenue recognized that was included in contract liability at the beginning of year	**-**	**(1,220,251,787)**	-	(3,679,150,615)
Increase due to cash received in excess of performance to date	**-**	**430,573,652**	-	4,521,876,337
Balance at end of year	**P25,721,450,330**	**P 7,456,743,395**	P19,619,923,773	P 8,246,421,530

The current and non-current classification of the Group's Contract Assets account as presented in the statements of financial position is shown below.

	2023	2022
Current	**P 16,725,717,102**	P 13,613,227,726
Non-current	**8,995,733,228**	6,006,696,047
	P 25,721,450,330	P 19,619,923,773

The current and non-current classification of the Group's Contract Liabilities account as presented in the statements of financial position is shown below.

	2023	2022
Current	**P 1,763,382,934**	P 3,392,947,567
Non-current	**5,693,360,461**	4,853,473,963
	P 7,456,743,395	P 8,246,421,530

The outstanding balance of trade receivables arising from real estate sales and hotel operations presented as part of Trade Receivables under Trade and Other Receivables account in the consolidated statements of financial position, amounted to P36.4 billion and P31.8 billion as of December 31, 2023 and 2022, respectively (see Note 6).

20.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commission under Operating Expenses (see Note 22).

The movements in the balances of deferred commission in 2023 and 2022 is presented below.

	2023	2022
Balance at beginning of year	**P 2,997,249,257**	P 3,574,921,741
Additional capitalized costs net of sales cancellations	**569,185,899**	743,317,115
Amortization for the year	**(1,321,420,162)**	(1,320,989,599)
Balance at end of year	**P 2,245,014,994**	P 2,997,249,257

Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets, and Other Non-current Asset accounts in the consolidated statements of financial position as shown in succeeding page.

	Notes	2023	2022
Current	8	**P 2,086,771,425**	P 1,962,421,561
Non-current	14	**310,502,008**	1,034,827,696
		P 2,397,273,433	P 2,997,249,257

20.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P31.3 billion and P43.7 billion as of December 31, 2023 and 2022, respectively, which the Group expects to recognize as follows:

	2023	2022
Within a year	**P 19,043,732,745**	P23,100,331,580
More than one year to three years	**8,490,547,169**	16,480,982,363
More than three to five years	**3,754,899,478**	4,155,242,262
	P 31,289,179,392	P43,736,556,205

21. DIRECT COSTS

21.1 Cost of Real Estate Sales

The nature of the cost of real estate sales for the years ended December 31 are as follows:

	2023	2022	2021
Contracted services	**P 17,641,717,864**	P 15,157,644,269	P 13,921,991,148
Land cost	**2,840,510,272**	2,423,993,776	1,870,060,652
Borrowing cost	**810,171,996**	722,695,142	792,405,811
Other costs	**312,285,008**	250,422,205	289,825,668
	P 21,604,685,140	P18,554,755,392	P16,874,283,279

21.2 Cost of Hotel Operations

The nature of the cost of hotel operations for the years ended December 31 are as follows:

	Note	2023	2022	2021
Salaries and employee benefits	25.1	**P 565,144,533**	P 401,131,662	P 272,425,884
Rent		**453,268,304**	271,757,384	251,186,534
Food and beverage		**415,911,229**	320,804,080	191,503,125
Utilities		**356,013,260**	199,361,040	246,934,596
Hotel operating supplies		**256,512,988**	172,987,985	74,716,451
Outside services		**44,998,529**	47,380,779	7,071,957
Miscellaneous		**93,927,790**	49,028,505	43,140,012
		P 2,185,776,633	P 1,462,451,435	P 1,086,978,559

22. OPERATING EXPENSES

Presented below are the details of this account.

	Notes	2023	2022	2021
Salaries and employee benefits	25.1	**P 4,316,413,028**	P 3,462,970,100	P 2,878,758,053
Depreciation and amortization	12, 13, 14	**3,480,324,608**	3,279,686,211	3,467,925,032
Commission	20.3	**2,043,672,808**	1,782,224,386	1,220,192,387
Taxes and licenses		**1,197,933,191**	1,078,623,548	1,192,439,947
Utilities and supplies		**1,127,498,084**	808,326,783	494,027,066
Outside services		**1,090,409,464**	894,576,529	826,990,607
Advertising and promotions		**1,094,882,795**	959,749,002	764,372,156
Professional fees		**697,028,979**	616,959,535	594,801,585
Association dues		**493,227,240**	402,711,876	365,873,255
Transportation		**368,403,510**	294,644,206	194,751,215
Rent	19	**134,276,561**	177,257,360	76,988,707
Donation		**104,414,421**	100,524,798	149,743,170
Miscellaneous	11.2	**810,775,606**	726,404,822	637,769,661
		P 16,959,260,295	P 14,584,659,156	P 12,864,632,841

Miscellaneous operating expenses include repairs and maintenance, insurance expense, and training and development expense.

23. INTEREST AND OTHER INCOME

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest income	5, 6, 27.1	**P 3,670,393,006**	P 2,942,288,364	P 2,104,896,268
Property management, commission and construction income		**1,118,911,091**	1,049,617,328	1,617,611,176
Foreign currency gains - net	5, 15, 16	**257,434,915**	-	-
Dividend income	9, 27.4	**36,495,750**	21,420,750	24,456,757
Gain on sale of property		**-**	-	136,206,674
Miscellaneous – net	6	**262,275,514**	406,499,756	493,258,807
		P 5,345,510,276	P 4,419,826,198	P 4,376,429,682

24. INTEREST AND OTHER CHARGES

Presented below are the details of this account.

	Notes	2023	2022	2021
Interest expense	10.2 15, 16 18, 25.3	**P 2,635,396,341**	P 2,258,100,909	P 1,941,630,481
Other charges:				
Impairment and other losses	6	**976,656,527**	777,544,878	682,473,797
Day one loss	6	**923,414,356**	543,289,914	483,265,727
Foreign currency losses-net	15, 16	**-**	1,738,714,911	1,265,498,741
Miscellaneous – net		**521,245,831**	310,466,180	435,668,579
		P 5,056,713,055	P 5,628,116,792	P 4,808,537,325

Impairment and other losses include net losses from backout sales and impairment losses from trade receivables.

Miscellaneous charges pertain to amortization of discounts on security deposits, bank charges and other related fees.

25. EMPLOYEE BENEFITS

25.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2023	2022	2021
Short-term benefits		**P 4,824,606,429**	P 3,764,816,906	P 3,010,286,233
Employee share option benefit	25.2, 28.6	**3,586,229**	16,372,411	10,204,332
Post-employment benefits	25.3	**53,364,903**	82,912,445	130,693,372
		P 4,881,557,561	P 3,864,101,762	P 3,151,183,937

Salaries and employee benefits are presented in the statements of income as follows.

	Notes	2023	2022	2021
Cost of hotel operations	21.2	**P 565,144,533**	P 401,131,662	P 272,425,884
Operating expenses	22	**4,316,413,028**	3,462,970,100	2,878,758,053
	21, 22	**P 4,881,557,561**	P 3,864,101,762	P 3,151,183,937

25.2 Employee Share Option Plan (ESOP)

The Group's share option benefit expense includes the amounts recognized by the Parent Company and GERI over the vesting period granted by them. As at December 31, 2023 and 2022, all 400.0 million shares of GERI's options were fully vested, but none of these have been exercised by any of the option holders.

As at December 31, 2023, 2022, and 2021, 95.0 million, 60.0 million, and 50.0 million, respectively, of the Parent Company's shares options were fully vested.

Employee option benefits expense, included as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income, amounted to P3.6 million, P16.4 million and P10.2 million in 2023, 2022 and 2021, respectively (see Note 25.1).

25.3 Post-employment Defined Benefit Plan

(a) Characteristics of Defined Benefit Plan

The Group maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by trustee banks. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of plan salary for every year of credited service, but shall not be less than the regulatory benefit under R.A. 7641, *The Retirement Pay Law,* or the applicable retirement law at the time of the member's retirement.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2023 and 2022.

The amounts of retirement benefit obligation, presented as non-current liability in the consolidated statements of financial position, are as follows:

	2023	2022
Present value of the obligation	**P 1,288,064,758**	P 972,939,970
Fair value of plan assets	**(669,858,761)**	(623,365,103)
Net defined benefit liability	**P 618,205,997**	P 349,574,867

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 972,939,970**	P1,121,810,503
Interest costs	**61,162,432**	53,408,462
Current service costs	**53,364,903**	82,912,445
Remeasurements –		
Actuarial gains		
arising from changes in:		
Financial assumptions	**244,515,099**	(139,502,189)
Experience adjustments	**16,007,819**	(98,910,242)
Benefits paid	**(59,925,456)**	(46,779,009)
Balance at end of year	**P 1,288,064,758**	P 972,939,970

The movements in the fair value of plan assets are presented below.

	2023	2022
Balance at beginning of year	**P 623,365,103**	P 575,007,802
Interest income	**95,953,356**	12,696,272
Contribution received	**24,455,493**	74,967,204
Benefits paid	**(65,586,664)**	(20,260,104)
Loss on plan assets		
(excluding amount included		
in net interest cost)	**(8,328,527)**	(18,776,071)
Balance at end of year	**P 669,858,761**	P 623,365,103

The fair value of plan assets is composed of the following (in millions):

	2023	2022
Cash and cash equivalents	**P 537.7**	P 283.7
Investment in marketable securities		
Equity securities	**30.1**	51.0
Debt securities	**102.1**	289.7
	P 669.9	P 623.4

Debt securities pertain to corporate and government securities while equity securities consist of investments in publicly listed corporations.

As of December 31, 2023 and 2022, the funds include investments in securities of its related parties (see Note 27).

The plan assets include investments in debt securities issued by entities within the Group with carrying amount and fair value as of December 31, 2023 of P102.1 million and P101.7 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P99.1 million and P98.7 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and 2022 both amounted to P0.9 million.

The plan assets include investments in equity securities issued by entities within the Group with carrying amount and fair value as of December 31, 2023 of P40.0 million and P30.1 million, respectively, while the carrying amount and fair value as of December 31, 2022 amounted to P40.0 million and P36.0 million, respectively. Unrealized fair value losses on these securities as of December 31, 2023 and 2022 amounted to P9.4 million and P 4.0 million, respectively.

The contributions to the retirement plan are made annually by the Group. The amount of contributions to the retirement plan is determined based on the expected benefit payments that the Group will incur within five years.

Actual return on plan assets were P87.6 million, P34.6 million and P9.6 million in 2023, 2022 and 2021, respectively.

The components of amounts recognized in the consolidated statements of income and consolidated statements other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	**2023**	2022	2021
Reported in consolidated statements of income:				
Current service costs	25.1	**P 53,364,903**	P 82,912,445	P 130,693,372
Net interest costs	24	**13,761,597**	24,843,870	28,965,294
		P 67,126,500	P 107,756,315	P 159,658,666
Reported in consolidated statements of comprehensive income:				
Actuarial gains (losses) arising from changes in:				
Experience adjustments		**(P 16,007,819)**	P 98,910,242	P 202,235,817
Financial assumptions		**(244,515,099)**	139,502,189	134,104,864
Loss on plan assets (excluding amounts included in net interest expense)		**(8,328,527)**	(18,776,071)	(11,215,581)
		(268,851,445)	219,636,360	325,125,100
Tax expense	26	**65,908,044**	(55,553,033)	(62,880,238)
		(P202,943,401)	P 164,083,327	P 262,244,862

Current service costs are presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 22 and 25.1). The net interest costs are included as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 24).

Amounts recognized in consolidated other comprehensive income were included within items that will not be reclassified subsequently to consolidated profit or loss.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	2023	2022	2021
Discount rates	**5.20% - 7.00%**	3.60% - 7.54%	3.58% - 5.20%
Expected rate of salary increases	**3.00% - 10.00%**	1.00% - 4.00%	3.00% - 7.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategies, and the timing and uncertainty of future cash flows related to the retirement plan are in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as at December 31, 2023 and 2022:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2023			
Discount rate	**0.50% - 1.00%**	(P 71,022,764)	P 82,919,065
Salary increase rate	**1.00**%	119,827,903	(104,567,417)
December 31, 2022			
Discount rate	0.50% - 1.00%	(P 179,345,797)	P 194,947,571
Salary increase rate	1.00%	262,581,405	(207,885,450)

The sensitivity analysis presented in the previous page is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The Group, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategies to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Group's objective is to maintain a level of funding sufficient to cover the projected retirement benefit obligation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 25 years' time when a significant number of employees is expected to retire.

The Group expects to make contributions of P153.9 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2023	2022
Within one year	**P 192,512,528**	P 188,858,699
More than one year to 5 years	**88,646,511**	125,565,313
More than 5 years to 10 years	**247,762,336**	236,059,745
More than 10 years to 15 years	**511,765,574**	399,266,717
More than 15 years to 20 years	**1,060,881,067**	777,949,467
More than 20 years	**4,844,855,091**	3,716,837,078
	P 6,946,423,107	P 5,444,537,019

The weighted average duration of the DBO at the end of the reporting period range from 7 to 18 years.

26. TAXES

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group:

- regular corporate income tax (RCIT) rate was reduced from 30% to 20% or 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023 and starting July 1, 2023, the MCIT will return to its previous 2% rate; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

The components of tax expense as reported in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Reported in consolidated statements of income:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%, 20% and 10% in 2023, 2022 and 2021	**P1,461,727,558**	P 2,543,749,490	P 847,820,456
Adjustment in 2020 income taxes due to change in income tax rate	**-**	-	(188,097,109)
Final tax at 15% and 7.5%	**162,179,213**	92,864,680	38,763,811
Minimum corporate income tax (MCIT) at 1.5% in 2023, 1% in 2022 and 2021 and, 2% in 2020	**4,887,056**	7,855,985	275,179
Application of MCIT	**-**	(6,637,583)	-
Preferential tax rate	**4,189,512**	4,080,128	-
	1,632,983,339	2,641,912,700	698,762,337
Deferred tax expense relating to:			
Effect of the change in income tax rate	**-**	-	(1,893,077,651)
Origination and reversal of temporary differences	**2,822,755,525**	1,125,645,191	1,759,232,643
	P 4,455,738,864	P 3,767,557,891	P 564,917,329

	2023	2022	2021
Reported in consolidated statements of comprehensive income –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**(P 45,139,740)**	P 90,455,063	P 93,038,135
Effect of the change in income tax rate	**-**	-	(18,401,039)
	(P 45,139,740)	P 90,455,063	P 74,637,096

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

	2023	2022	2021
Tax on pretax profit at 25%	**P 5,964,077,092**	P 4,785,461,071	P 3,735,827,587
Effect of change in income tax rate	**-**	-	(2,081,174,760)
Adjustment for income subjected to lower income tax rates	**(68,149,843)**	(36,561,436)	(185,194,162)
Tax effects of:			
Non-taxable income	**(2,355,358,056)**	(1,467,666,976)	(1,156,058,029)
Non-deductible expenses	**975,073,954**	361,822,583	203,836,087
Unrecognized deferred tax assets (liabilities) on temporary differences	**(4,786,883)**	(11,501,508)	64,569,571
Miscellaneous	**(55,117,397)**	136,004,157	(16,888,965)
	P 4,455,738,864	P 3,767,557,891	P 564,917,329

The deferred tax assets and liabilities relate to the following as of December 31:

	2023	2022
Deferred tax assets – net:		
NOLCO	**P 246,939,798**	P 212,416,830
Difference between the fair value and carrying value of net assets acquired	**-**	114,104,045
MCIT	**46,785,726**	33,950,887
Retirement benefit obligation	**37,583,157**	24,540,446
Allowance for impairment of receivables	**11,919,308**	11,923,309
Allowance for property development costs	**7,689,776**	7,689,776
Others	**61,906,848**	(10,479,728)
	P 412,824,612	P 394,145,565
Deferred tax liabilities – net:		
Uncollected gross profit	**P 8,871,116,571**	P 7,635,045,037
Capitalized interest	**4,724,790,047**	4,739,118,374
Difference between the tax reporting base and financial reporting base of rental income	**994,723,091**	1,280,542,497
Bond issuance costs	**114,788,964**	124,819,699
Uncollected rental income	**69,409,723**	79,275,569
Unrealized foreign currency losses – net	**(613,505,725)**	(1,906,553,539)
Share options	**(55,890,442)**	(54,993,884)
Retirement benefit obligation	**(87,943,703)**	(16,976,614)
Others	**570,024,001**	383,830,555
	P 14,587,512,527	P 12,264,107,694

No deferred tax liability has been recognized on the accumulated equity in net earnings of associates. The Group has no liability for tax should the amounts be declared as dividends since dividend income received from domestic corporation is not subject to income tax.

Some of the entities within the Group are subject to MCIT which is computed at 1.5% in 2023 and 1% in 2022 of gross income, net of allowable deductions as defined under the tax regulations.

The details of the Group's MCIT that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2023	P 15,626,138	2026
2022	14,584,217	2025
2021	17,464,096	2026
	P 47,674,451	

The details of the Group's NOLCO that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2023	P 102,362,581	2026
2022	241,844,778	2025
2021	156,313,788	2026
2020	80,505,896	2025
	P 581,027,043	

Certain subsidiaries within the Group did not recognize the deferred tax assets on their MCIT and NOLCO as realization of such amounts is uncertain.

Except for certain subsidiaries, management has assessed that the net losses incurred, as well as the related NOLCO, can be recovered through future operations and are not significant to the overall financial condition and financial performance of the Group.

In 2023, 2022 and 2021, the Group opted to continue claiming itemized deductions, except for MDC, NWPI, LFI, MFMI, MGLI, SVCI and MCTI which opted to use optional standard deduction (OSD) in computing for income tax dues.

MREIT is registered as a real estate investment trust entity under R.A. 9846 which enjoys certain income tax-free incentives, including deductibility of dividend distribution (subject to certain conditions) and exemption from MCIT.

ECOC and SEDI are registered with the Philippine Economic Zone Authority (PEZA) pursuant to Presidential Proclamation No. 191 dated October 6, 1999. As PEZA-registered entities, ECOC and SEDI are entitled to a preferential tax rate of 5% on gross income earned from registered activities, in lieu of all local and national taxes, and to other tax privileges.

SPI's The Regal Homes project has qualified in the definition of socialized housing under Section 3(r) of R.A. 7279, *Urban Development and Housing Act of 1992*. Under Section 20 of R.A. 7279, private sector participating in socialized housing shall be exempted from the payment of project-related income taxes, capital gains tax on raw lands use for the project, VAT for the project concerned, transfer tax for both raw and completed projects, and donor's tax for both lands certified by the local government units to have been donated for socialized housing purposes.

27. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, associates, the Group's key management and other related parties under common ownership as described below.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Parent Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Group's transactions with its related parties as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021 are as follows:

Related Party Category	Notes	Amount of Transactions			Outstanding Investment/ Receivable (Payable)	
		2023	2022	2021	**2023**	2022
Ultimate Parent Company:						
Dividends paid	27.5	**(P 996,805,764)**	(P 887,481,897)	(P 609,361,023)	**P -**	P -
Investments in equity securities	27.4	**(97,879,276)**	15,786,980	563,303,640	**1,780,771,344**	1,878,650,620
Dividend income	27.4	**23,680,470**	21,413,262	10,127,290	**23,680,470**	-
Advances granted	27.2	**-**	-	-	**930,000,000**	930,000,000
Associates:						
Advances granted (collected)	27.2	**383,639**	155,104	(89,575,460)	**1,010,276,576**	1,009,892,937
Subscription payable	19	**(1,114,655,508)**	-	-	-	(1,114,655,008)
Related Parties Under Common Ownership:						
Reimbursement of construction costs	27.1	**-**	-	-	**3,056,180,769**	3,056,180,769
Advances availed (paid)	27.3	**(879,566,092)**	(1,116,725,533)	739,639,479	**(1,247,044,914)**	(2,126,611,006)
Rendering of services	27.1	**238,329,478**	261,499,284	137,222,809	**262,845,102**	127,460,076
Advances granted (collected)	27.2	**(112,550,636)**	1,827,132,491	413,989,151	**4,326,431,484**	4,438,982,120
Dividend income	27.4	**-**	-	13,538,826	**-**	-

Related Party Category	Notes	Amount of Transactions 2023	2022	2021	Outstanding Investment/ Receivable (Payable) 2023	2022
Investments in equity securities	27.4	**P 207,774,649**	(P 494,554,541)	P 992,357,068	**P 3,572,528,203**	P 3,364,753,554
Key Management Personnel – Compensation	27.6	**370,730,492**	377,635,099	316,686,607	**-**	-
Retirement plan Investments in equity and debt securities	25.3(b)	**-**	-	-	**100,175,334**	134,696,111

None of the companies within the Group is a joint venture. The Group is not subject to joint control and none of its related parties exercise significant influence over it.

27.1 Real Estate Sales and Rendering of Services to Related Parties

The Group renders services to its related parties on a cost-plus basis, allowing a certain margin agreed upon by the parties at arm's length.

The Group leases some of its investment properties to its associates and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from one to 25 years, with renewal options, and include annual escalation rates of 3% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental Income in the consolidated statements of income (see Note 12). The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Parent Company and a related party under common ownership are parties to a management agreement whereby the former provides management services for the overall administration of the latter's leasing operations for a fee, which is based on certain rates of collections plus commission. Further, there are other management services provided to related parties under common ownership related to management of construction and development activities.

Unless otherwise indicated, the Group's outstanding receivables from related parties arising from the above transactions are unsecured, noninterest-bearing, and collectible in cash under normal credit terms or through offsetting arrangements.

There were no impairment losses recognized on the Group's receivables from related parties in 2023, 2022 and 2021.

In 2018, the Parent Company agreed with a related party under common ownership to turn over a certain property under terms that the related party will reimburse the construction cost incurred by the Parent Company amounting to P4.0 billion (see Note 12). The outstanding balance, which is collectible on demand, interest-bearing and unsecured, amounted to P3.1 billion as of both December 31, 2023 and 2022, and is presented under non-current Other Trade Receivables in the consolidated statements of financial position (see Note 6).

27.2 Advances to Ultimate Parent, Associates and Other Related Parties

The ultimate parent Company, associates and other related parties under common ownership are granted noninterest-bearing, unsecured and collectible on demand advances by the Parent Company and other entities within the Group with no definite repayment terms for working capital purposes. These are generally collectible in cash or through offsetting arrangements with the related parties.

The outstanding balances of Advances to associates and other related parties shown as part of Trade and Other Receivables account under Current Assets section in the consolidated statements of financial position are shown below (see Note 6).

	2023	2022
Advances to ultimate parent	**P 930,000,000**	P 930,000,000
Advances to associates	**1,010,276,576**	1,009,892,937
Advances to other related parties	**4,326,431,484**	4,438,982,120
	P6,266,708,060	P6,378,875,057

The movements in advances to associates are as follows:

	2023	2022
Balance at beginning of year	**P1,009,892,937**	P1,009,737,833
Advances granted	**383,639**	155,104
Balance at end of year	**P1,010,276,576**	P1,009,892,937

The movements in advances to other related parties under common ownership are as follows:

	2023	2022
Balance at beginning of year	**P4,438,982,120**	P2,611,849,629
Advances granted	**-**	1,827,132,491
Advances collected	**(112,550,636)**	-
Balance at end of year	**P4,326,431,484**	P4,438,982,120

Advances to other related parties pertain to advances granted to entities under common ownership of the Parent Company. No impairment losses on the advances to ultimate parent Company, associates and other related parties were recognized in 2023, 2022 and 2021 based on management's assessment.

27.3 Advances from Other Related Parties

Certain expenses of the entities within the Group are paid by other related parties on behalf of the former. The Group also received cash advances from a certain related party under common ownership, for the development of a certain entertainment site which is an integrated tourism project planned by the Philippine Amusement and Gaming Corporation. The advances are noninterest-bearing, unsecured and with no repayment terms and are generally payable in cash upon demand or through offsetting arrangements with the related parties.

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Advances from Other Related Parties under Current Liabilities Section account in the consolidated statements of financial position.

The movements in advances from other related parties are as follows:

	2023	2022
Balance at beginning of year	**P 2,126,611,006**	P 3,243,336,539
Advances paid	**(1,597,199,347)**	(2,433,986,742)
Advances availed	**717,633,255**	1,317,261,209
Balance at end of year	**P1,247,044,914**	P2,126,611,006

27.4 Investments in Equity Securities

The Group's equity securities include investment in shares of the Ultimate Parent Company and related parties under common ownership. The fair values of these securities have been determined directly by reference to published prices in an active market, except for the investment in shares of a related party under common ownership which was delisted in the stock exchange in 2019 and was subsequently measured using the discounted cash flows valuation technique [see Note 34.2(a)]. Movements and the related fair value gains or losses on these investments are shown and discussed in Note 9. Also, the Group received dividend income from these investments, presented as part of Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

27.5 Dividends Paid to the Ultimate Parent Company

The Ultimate Parent Company received dividends from the Parent Company amounting to P1.0 billion, P0.9 billion and P0.6 billion in 2023, 2022 and 2021, respectively. There were no outstanding liabilities relating to this transaction as of December 31, 2023 and 2022 (see Note 28.4).

27.6 Key Management Personnel Compensation

The Group's key management personnel compensation includes the following:

	2023	2022	2021
Short-term benefits	**P 325,769,489**	P 276,491,249	P 258,281,464
Post-employment benefits	**41,374,775**	84,771,439	48,200,811
Employee share option benefit	**3,586,228**	16,372,411	10,204,332
	P 370,730,492	P 377,635,099	P 316,686,607

27.7 Post-employment Plan

The Group has formal retirement plans established separately for the Parent Company and each of the significant subsidiaries, particularly GERI, EELHI and PHRI. The Group's retirement funds for its post-employment defined benefit plan are administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2023 and 2022 are presented in Note 25.3.

The Group's transactions with the fund mainly pertain to contribution, benefit payments and interest income.

The retirement funds neither provide any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

The retirement funds include investments in equity and debt securities of the Group (see Note 25.3)

27.8 Sale of Investment Properties

In 2021, the Group sold certain parcels of land classified as investment properties for a total consideration of P136.6 million to a related party under common ownership. No similar transaction occurred in 2023 and 2022.

28. EQUITY

Capital stock of the Parent Company consists of:

	Shares			Amount		
	2023	2022	2021	**2023**	2022	2021
Preferred shares Series "A"- P0.01 par value						
Authorized	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Issued and outstanding	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Common shares – P1 par value						
Authorized	**40,140,000,000**	40,140,000,000	40,140,000,000	**P 40,140,000,000**	P 40,140,000,000	P 40,140,000,000
Issued	**32,370,865,872**	32,370,865,872	32,370,865,872	**P 32,370,865,872**	P 32,370,865,872	P 32,370,865,872
Treasury shares:						
Balance at beginning of year	**(885,626,000)**	(513,795,000)	(471,552,000)	**(2,184,059,395)**	(1,268,862,277)	(1,111,874,917)
Acquisitions during the year	**(301,988,000)**	(372,831,000)	(42,243,000)	**(668,595,880)**	(916,099,229)	(156,987,360)
Issuances during the year	**-**	1,000,000	-	**-**	902,111	-
Balance at end of year	**(1,187,614,000)**	(885,626,000)	(513,795,000)	**(2,852,655,275)**	(2,184,059,395)	(1,268,862,277)
Issued and outstanding	**31,183,251,872**	31,485,239,872	31,857,070,872	**P 29,518,210,597**	P 30,186,806,477	P 31,102,003,595
Total issued and outstanding shares	**31,183,251,872**	31,485,239,872	31,857,070,872	**P 29,578,210,597**	P 30,246,806,477	P 31,162,003,595

On June 15, 1994, the SEC approved the listing of the Parent Company's common shares totaling 140,333,333. The shares were initially issued at an offer price of P4.80 per common share. As of December 31, 2023, there are 2,379 holders of the listed shares, which closed at P1.97 per share as of that date. As of December 31, 2022, there are 2,395 holders of the listed shares, which closed at P2.0 per share as of that date.

The following also illustrates the additional listings made by the Parent Company (in shares): May 23, 1996 – 1.6 billion; January 8, 1997 – 2.1 billion; November 23, 1998 – 2.0 billion; August 19, 1999 – 3.0 billion; October 12, 2005 – 5.5 billion; November 21, 2006 –10.0 billion and July 17, 2007 – 3.9 billion and 2012 – 3.1 billion. The Parent Company also listed 700.0 million shares in 2013, 300.0 million shares in 2014, and 8.0 million shares in 2015. There were no additional issuance of shares in the succeeding years.

As of December 31, 2022 and 2021, RHGI holds certain number of the Parent Company's common shares with costs of P515.2 million, which are treated as treasury shares on the Group's consolidated financial statements. On 2023, such shares were reissued and reversed as treasury shares, which resulted to APIC of P333.2 million (see Notes 28.3 and 28.5).

28.1 Preferred Shares Series "A"

The preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable with a par value of P0.01 per share. The shares earn dividends at 1% of par value per annum cumulative from date of issue. Dividends paid on cumulative preferred shares amounted to P0.6 million in 2023, 2022 and 2021 (see Note 28.4).

28.2 Common Shares

On May 23, 2013, the Parent Company's BOD approved a P10.0 billion increase in authorized capital stock (ACS) consisting of 10.0 billion shares with par value of P1.00 per share. On November 20, 2013, the SEC approved the P10.0 billion increase in ACS, of which 2.5 billion shares were subscribed and paid by the Parent Company at a price of P4.29 per share for a total subscription price of P10.7 billion.

In 2009, 5,127,556,725 common shares were subscribed and issued through pre-emptive share rights offering. Moreover, shareholders were given four additional share warrants for every five share rights subscribed. For every share warrant, shareholders can avail of one common share at P1.00 per share.

Relative to the share subscription, 4,102,045,364 share warrants were issued of which 4,101,662,246 warrants were exercised while the remaining 383,118 have expired.

28.3 Additional Paid-in Capital

The APIC pertains to the excess of the total proceeds received from the Parent Company's shareholders over the total par value of the common shares. In 2023, an additional APIC of P333.2 million was recognized from the transactions with RHGI. In 2022, APIC amounting to P1.9 million, was recognized by the Parent Company from the exercise of 1,000,000 stock options. There were no movements in the Parent Company's APIC accounts in 2021.

28.4 Cash Dividends

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, are as follows:

	2023	2022	2021
Declaration date/date of approval by BOD	**October 13, 2023**	October 17, 2022	November 10, 2021
Date of record	**October 27, 2023**	October 31, 2022	November 24, 2021
Date of payment	**November 14, 2023**	November 14, 2022	December 10, 2021
Amounts declared			
Common	**P 2,057,959,600**	P 1,910,507,946	P 1,337,220,837
Preferred	**600,000**	600,000	600,000
	P 2,058,559,600	P 1,911,107,946	P 1,337,820,837
Dividends per share:			
Common	**P 0.07**	P 0.06	P 0.04
Preferred	**P 0.01**	P 0.01	P 0.01

28.5 Treasury Shares

As of December 31, 2022 and 2021, this account also includes the Parent Company's common shares held and acquired by RHGI which was reissued in 2023.

In 2023 and 2022, the Parent Company reacquired 302.0 million and 371.8 million shares costing P668.6 million and P916.1 million, respectively. The amount of treasury common shares aggregated to P2,852.7 million and P2,699.2 million as at December 31, 2023 and 2022, respectively.

The changes in market values of these shares held by RHGI, recognized as fair value gains or losses by the subsidiary, were eliminated in full and not recognized in the consolidated financial statements.

In 2022, the Parent Company has reissued 1,000,000 treasury shares as a result of exercise of the same number of stock options (see Note 28.6). There was no similar transaction in 2023 and 2021.

A portion of the Parent Company's retained earnings is restricted for dividend declaration up to the cost of treasury shares as of the end of the reporting period.

28.6 ESOP

A total of P3.6 million, P16.4 million and P10.2 million share option benefits expense in 2023, 2022 and 2021, respectively, is recognized and presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 22 and 25.2).

(a) Parent Company

In 2012, the Parent Company's BOD approved and the shareholders adopted an ESOP for the Parent Company's key executive officers.

The options shall generally vest on the 60th birthday of the option holder and may be exercised up to five years from the date of vesting of the option. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, the Parent Company granted share options to certain key executives to subscribe to 235.0 million common shares of the Parent Company, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20 million common shares of the Parent Company at an exercise price of P2.33 per share. Additional 40 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2019, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2023, 2022 and 2021.

In 2023, 10.0 million share options were forfeited due to resignation of certain key executive officers. There was no forfeiture due to resignation in 2022.

A total of 35.0 million, 10.0 million and 10.0 million share options have vested in 2023, 2022 and 2021, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share in 2022. There was no similar transaction in 2021 and 2023.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Option life	6.08 to 30.17 years
Share price at grant date	P 2.54 to P 4.52
Exercise price at grant date	P 1.77 to P 3.23
Fair value at grant date	P 0.98 to P 2.15
Average standard deviation of share price return	10.98 %
Average dividend yield	0.82 %
Average risk-free investment rate	3.93 %

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

The Parent Company recognized a total of P3.6 million, P16.4 million and P10.2 million share-based executive compensation in 2023, 2022 and 2021, respectively, as part of Salaries and employee benefits and a corresponding credit in Retained Earnings (see Note 25.2).

(b) GERI

In 2011, the BOD of GERI approved and the stockholders adopted an ESOP for its key executive officers.

Under the ESOP, GERI shall initially reserve for exercise of share options up to 500.0 million common shares of the GERI's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant.

The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The exercise price shall be at a 15% discount from the volume weighted average closing price of the GERI's shares for twelve months immediately preceding the date of grant.

As of December 31, 2023, pursuant to this ESOP, GERI has granted the option to its key company executives to subscribe to 400.0 million shares of GERI. An option holder may exercise in whole or in part his vested option provided, that, an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as of December 31, 2019, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods. As at December 31, 2023, there are no remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	7 years
Share price at grant date	P1.02 to P2.10
Exercise price at grant date	P1.00 to P1.93
Fair value at grant date	P0.24 to P2.27
Standard deviation of share price return	12.16% to 57.10%
Risk-free investment rate	2.14% to 2.59%

The underlying expected volatility was determined by reference to historical date of the GERI's shares over a period of time consistent with the option life.

There was no share-based compensation recognized in 2023, 2022 and 2021 since all the options fully vested as of December 31, 2019.

28.7 Perpetual Capital Securities

On April 11, 2018, the Group issued bonds amounting $200.0 million. The bonds were issued with a nominal interest of 5.375% per annum and interest is payable semi-annually in arrears every April 11 and October 11. The bonds are currently listed in the SGX-ST. The financial instruments are treated as equity securities. These bonds may be voluntarily redeemed by the Parent Company on April 11, 2023 or on any distribution date thereafter [see Note 3.1(h)].

In 2021, the Group fully redeemed its perpetual capital securities for P9.8 billion resulting in a gain on redemption amounting to P484.3 million. The gain was directly credited to the consolidated retained earnings as presented in the 2021 consolidated statement of changes in equity.

28.8 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI (Note 9)	Retirement Benefit Obligation (Note 25.3)	Translation Reserves (Note 2)	Cross Currency Swaps (Note 30)	Equity Reserves (Note 1)	Total
Balance as of January 1, 2023	(P 1,725,993,007)	P 690,094,340	(P 259,538,921)	P 37,604,713	P 8,626,592,277	P 7,368,759,402
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(268,851,445)	-	-	-	(268,851,445)
Fair value losses on financial assets at FVOCI	101,480,862	-	-	-	-	101,480,862
Fair value gain on cash flow hedge	-	-	-	(34,246,151)	-	(34,246,151)
Share of non-controlling interest	12,756,703	2,430,076	-	-	-	15,186,779
Share in OCI of associates	-	-	(3,348,878)	-	-	(3,348,878)
Changes in percentage of ownership	-	-	-	-	3,225,985,331	3,225,985,331
Exchange difference on translating foreign operations	-	-	44,115,901	-	-	44,115,901
Other comprehensive income (loss) before tax	114,237,565	(266,421,369)	40,767,023	(34,246,151)	3,225,985,331	3,080,322,399
Tax income (expense)	-	65,908,044	(20,768,304)	-	-	45,139,740
Other comprehensive income (loss) after tax	114,237,565	(200,513,325)	19,998,716	(34,246,151)	3,225,985,331	3,125,462,140
Balance as of December 31, 2023	**(P 1,611,755,442)**	**P 489,581,015**	**(P 239,540,202)**	**P 3,358,562**	**P11,852,577,608**	**P10,494,221,541**
Balance as of January 1, 2022	(P 1,144,152,392)	P 536,021,236	(P 337,051,379)	(P 53,542,477)	P 8,626,592,277	P 7,627,867,265
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	219,636,360	-	-	-	219,636,360
Fair value losses on financial assets at FVOCI	(579,783,082)	-	-	-	-	(579,783,082)
Fair value gain on cash flow hedge	-	-	-	91,147,190	-	91,147,190
Share of non-controlling interest	(2,057,533)	(10,010,223)	-	-	-	(12,067,756)
Share in OCI of associates	-	-	6,138,277	-	-	6,138,277
Exchange difference on translating foreign operations	-	-	106,276,211	-	-	106,276,211
Other comprehensive income (loss) before tax	(581,840,615)	209,626,137	114,460,580	91,147,190	-	(166,606,708)
Tax income (expense)	-	(55,553,033)	(34,902,030)	-	-	(92,501,155)
Other comprehensive income (loss) after tax	(581,840,615)	154,073,104	77,512,458	91,147,190	-	(259,107,863)
Balance as of December 31, 2022	(P 1,725,993,007)	P 690,094,340	(P 259,538,921)	P 37,604,713	P 8,626,592,277	P 7,368,759,402
Balance as of January 1, 2021	(P 2,466,854,141)	P 272,676,077	(P 393,248,156)	(P 253,255,979)	(P 861,828,431)	(P 3,702,510,630)
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	325,125,100	-	-	-	325,125,100
Fair value losses on financial assets at FVOCI	1,347,392,142	-	-	-	-	1,347,392,142
Fair value losses on cash flow hedge	-	-	-	199,713,502	-	199,713,502
Share of non-controlling interest	(24,690,393)	1,100,297	-	-	-	(23,590,096)
Share in OCI of associates	-	-	20,926,197	-	-	20,926,197
Exchange difference on translating foreign operations	-	-	47,027,439	-	-	47,027,439
Other comprehensive income (loss) before tax	1,322,701,749	326,225,397	67,953,636	199,713,502	-	1,916,594,284
Tax income (expense)	-	(62,880,238)	(11,756,859)	-	-	(74,637,097)
Other comprehensive income (loss) after tax	1,332,701,749	263,345,159	56,196,777	199,713,502	-	1,841,957,187
Effect of change in percentage of ownership	-	-	-	-	9,488,420,708	9,488,420,708
Balance as of December 31, 2021	(P 1,144,152,392)	P 536,021,236	(P 337,051,379)	(P 53,542,477)	P 8,626,592,277	P 7,627,867,265

In 2021, MREIT offered and sold 949,837,500 shares or 37.51% ownership interest held by the Parent Company, through an initial public offering for P16.10 per share or P14.7 billion. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the proportionate net book value and the consideration received amounting to P10.5 billion is credited to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

Also in 2021, the Parent Company acquired additional shares of PCMI and STLI for P2.0 billion and P1.8 million, respectively. The difference between the proportionate net book value and the consideration received of PCMI and STLI resulted in P1.1 billion debit and P29.6 million credit, respectively, to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

In 2023, the Parent Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the company disposed 279,400,000 common shares with a par value of P1.00 per share with net proceeds of P3.6 billion resulting to a decrease in ownership to 55.63%.

29. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2023	2022	2021
Net profit attributable to the Parent Company's shareholders	**P17,345,401,623**	P 13,455,475,825	P 13,434,466,763
Dividends on cumulative preferred shares Series "A"	**(600,000)**	(600,000)	(600,000)
Distribution to holders of perpetual securities	**-**	-	(151,963,438)
Profit available to the Parent Company's common shareholders	**P17,344,801,623**	P 13,454,875,825	P 13,281,903,325
Divided by weighted average number of outstanding common shares	**30,967,574,247**	31,241,230,149	31,447,978,960
Basic EPS	**P 0.560**	P 0.431	P 0.422
Divided by weighted average number of outstanding common shares and potential dilutive shares	**30,975,626,107**	31,297,654,542	31,544,782,959
Diluted EPS	**P 0.560**	P 0.430	P 0.421

Unexercised share warrants have already expired; hence, were no longer included in the computation. In addition, the potentially dilutive outstanding share options totaling 220.0 million in 2023, 232.5 million in 2022, and 233.5 million in 2021 were also considered in the computations (see Note 28.6).

30. CROSS CURRENCY SWAPS

In 2019, another cross currency swap was also agreed upon with the same bank. The Parent Company shall receive $95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on three-month LIBOR plus a certain spread. The Parent Company shall make fixed quarterly payments in Philippine peso plus a fixed interest of 4.82%.

The Parent Company designated the cross currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Notes 15.1(a) and 15.1(k)].

The table below sets out information about the Group's hedging instruments and the related carrying amounts as of December 31:

	USD Notional Amount	Derivative Assets
2023		
Cash flow hedge – Cross currency swaps	**$ 17,928,858**	**P 62,038,593**
2022		
Cash flow hedge – Cross currency swaps	$ 41,834,003	P 197,431,085

The hedging instruments have a positive fair value of P62.0 million in 2023 and P197.4 million in 2022. These are presented as Derivative assets under Other Current Assets in the consolidated statements of financial position (see Note 8). The Parent Company recognized a total of P34.2 million and P91.1 million unrealized losses and gains on cash flow hedges in 2023 and 2022, respectively. These are presented as part of other comprehensive income in the consolidated statements of comprehensive income.

As of December 31, 2023 and 2022, the Parent Company has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Parent Company expects to continuously use hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans.

31. COMMITMENTS AND CONTINGENCIES

31.1 Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Unearned income under Other Current Liabilities and Deferred rent under Other Non-current Liabilities in the consolidated statements of financial position (see Note 19).

(a) Operating Leases

The Group is a lessor under several non-cancellable operating leases covering office, commercial and properties for a period of two to ten years with annual escalation rates between 5% to 10% (see Note 12).

Future minimum lease receivables under these agreements are as follows:

	2023	2022	2021
Within one year	**P 16,524,807,397**	P 16,954,000,233	P 15,346,826,374
After one year but not more than two years	**19,998,956,604**	18,969,350,475	19,794,874,132
After two years but not more than three years	**20,787,467,598**	20,073,548,227	20,409,706,265
After three years but not more than four years	**21,565,435,685**	20,902,530,811	22,140,397,894
After four years but not more than five years	**23,134,430,186**	22,417,321,069	22,902,976,810
More than five years	**28,326,544,473**	28,155,620,943	28,951,568,529
	P130,337,641,943	P 127,472,371,758	P129,546,350,004

(b) Finance Lease

In 2019, the Group, through GERI, subleased its development rights over the undivided portions of a land co-terminus with the term of its head lease. Finance lease receivable arising from the transaction is presented as part Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). Interest income on the finance lease amounted to P34.3 million, P38.4 million and P42.1 million in 2023, 2022 and 2021, respectively, and is presented as part of Interest and Other Income account in the consolidated statements of income.

The maturity analysis of finance lease receivable at December 31 is as follows:

	Lease Collection	**Interest Income**	**Net Present Value**
2023			
Within one year	P 26,846,871	(P 24,829,545)	P 2,017,326
After one year but not more than two years	27,514,054	(24,641,019)	2,873,035
After two years but not more than three years	26,281,499	(24,407,402)	1,874,097
After three years but not more than four years	24,301,659	(24,373,209)	(71,550)
After four years but not more than five years	25,030,708	(24,352,433)	678,275
More than five years	629,817,781	(320,057,121)	309,760,660
	P 759,792,572	**(P 442,660,729)**	**P 317,131,843**

	Lease Collection	Interest Income	Present Value
2022			
Within one year	P 146,533,703	(P 34,355,508)	P 112,178,195
After one year but not more than two years	89,346,871	(29,909,018)	59,437,853
After two years but not more than three years	90,014,054	(25,047,216)	64,966,838
After three years but not more than four years	26,281,499	(24,407,402)	1,874,097
After four years but not more than five years	24,301,659	(24,373,209)	(71,550)
More than five years	654,848,489	(344,409,554)	310,438,935
	P 1,031,326,275	(P 482,501,907)	P 548,824,368

31.2 Others

As at December 31, 2023 and 2022, the Group has unused long-term credit facilities amounting to P35.0 billion and P30.0 billion, respectively. In addition, the Group is committed to certain project and capital expenditures as disclosed in Note 4.4. There are other commitments and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVOCI, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes.

32.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable, which have been used to fund new projects and to refinance certain indebtedness for general corporate purposes.

As of December 31, 2023 and 2022, net foreign currency-denominated financial liabilities in U.S. dollar, translated into Philippine Peso at the closing rate, amounted to P28.7 billion and P27.9 billion, respectively.

Management assessed that the reasonably possible change in exchange rates of Philippine Peso to U.S. dollar, based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at 68% confidence level is 5.38% and 6.29% in 2023 and 2022, respectively. If the exchange rate increased or decreased by such percentages, the profit before tax in 2023 and 2022 would have changed by P1,489.3 million and P1,609.0 million, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

32.2 Interest Rate Sensitivity

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets subject to variable interest rates.

The Group's ratio of fixed to floating rate debt stood at 1.05:1.00 and 1.44:1.00 as of December 31, 2023 and 2022, respectively.

The sensitivity of the consolidated net results in 2023 and 2022 to a reasonably possible change of 1.0% in floating rates is P380.7 million and P364.8 million, respectively. The sensitivity of the consolidated equity in 2023 and 2022 to a reasonably possible change of 1.0% in floating rates is P285.5 million and P273.6 million, respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

32.3 Credit Risk

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of rentals, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets and contract assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to consolidated financial statements), as summarized below.

	Notes	**2023**	2022
Cash and cash equivalents	5	**P 25,115,017,234**	P 27,754,568,446
Trade receivables	6	**39,818,559,661**	35,581,092,269
Rent receivables	6	**7,773,678,259**	5,245,485,618
Other receivables	6	**10,825,734,772**	9,736,405,449
Advances to associates and other related parties	6	**6,266,708,060**	6,378,875,057
Contract assets	20.2	**25,721,450,330**	19,619,923,773
Guarantee and other deposits	14	**890,420,128**	1,050,101,840
		P116,411,568,444	P105,366,452,452

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Parent Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Parent Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting periods, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. The total loss allowance based on the provision matrix is P720.5 million and P761.6 million as of December 31, 2023 and 2022, respectively.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are typically required to issue post-dated checks, which provide additional credit enhancement. The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

	Gross Maximum Exposure	**Fair Value of Collaterals**	**Net Exposure**
2023			
Real estate sales receivables	**P 41,328,385,170**	**P 45,327,170,657**	**P -**
Contract assets	**16,725,717,102**	**40,812,445,170**	**-**
Rental receivables	**7,773,678,259**	**26,677,795,493**	**-**
	P 65,827,780,531	**P 112,817,411,320**	**P -**
2022			
Real estate sales receivables	P 35,581,092,269	P 54,507,205,178	P -
Contract assets	19,619,923,773	34,329,119,184	-
Rental receivables	5,245,485,618	26,120,508,183	-
	P 60,446,501,660	P 114,956,832,545	P -

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2023	2022
Current (not past due)	**P 61,314,660,549**	P 53,887,281,080
Past due but not impaired:		
More than one month but not more than 3 months	**995,776,342**	954,754,703
More than 3 months but not more than 6 months	**660,635,291**	586,514,889
More than 6 months but not more than one year	**1,043,424,434**	880,683,667
More than one year	**670,184,136**	632,624,054
	P 64,684,680,752	P 56,941,858,393

(c) Advances to Associates and Other Related Parties

ECL for advances to associates, and other related parties, and other trade receivables from related parties, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Parent Company does not consider any significant risks in the advances to related parties as these are entities whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2023 and 2022, impairment allowance is not material.

(d) Guarantee and Other Deposits

The credit risk for guarantee and other deposits is considered negligible as the Group has ongoing transactions with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

32.4 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2023 and 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Notes	Within 1 Year	1 to 5 Years	More than 5 Years
2023:				
Interest-bearing loans and borrowings*	15	**P 18,440,812,490**	**P 49,019,402,123**	**P 7,132,187,500**
Trade and other payables	17	**25,394,004,577**	**-**	**-**
Bonds and notes payable*	16	**14,164,524,941**	**24,543,746,338**	**-**
Advances from other related parties	27.3	**1,247,044,914**	**-**	**-**
Other liabilities	19	**1,807,973,948**	**1,209,190,931**	**-**
		P 61,054,360,870	**P 74,772,339,392**	**P 7,132,187,500**
2022:				
Interest-bearing loans and borrowings*	15	P 13,998,449,902	P 31,701,384,571	P 10,023,845,002
Trade and other payables	17	23,874,659,281	-	-
Bonds and notes payable*	16	15,524,839,931	35,204,540,481	-
Advances from other related parties	27.3	2,126,611,006	-	-
Subscription payable	19	1,114,665,008	-	-
Other liabilities	19	2,077,980,412	1,676,303,061	-
		P 58,717,205,540	P 68,582,228,113	P 10,023,845,002

**Inclusive of future interest costs*

The contractual maturities in the above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

32.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value is determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. Their impact on the Group's consolidated net profit and consolidated equity as at December 31, 2023 and 2022 are summarized below.

	Observed Volatility Rates	Impact on Equity Increase	Impact on Equity Decrease
2023			
Investment in equity securities:			
Holding company	**+/-5.44%**	**P 72,997,948**	**(P 72,997,948)**
Manufacturing	**+/-1.84%**	**16,911,584**	**(16,911,584)**
2022			
Investment in equity securities:			
Holding company	+/-6.41%	P 90,320,305	(P 90,320,305)
Manufacturing	+/-7.55%	68,653,600	(68,653,600)

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is also exposed to other price risk in respect of its derivative financial assets and liabilities arising from foreign exchange margins trading spot and forward, and interest rate changes. These financial instruments will continue to be measured at fair value based on net present value computation.

33. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

33.1 Carrying Amounts and Fair Values by Category

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2023		2022	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
At amortized costs:					
Cash and cash equivalents	5	**P 25,115,017,234**	**P 25,115,017,234**	P 27,754,568,446	P 27,754,568,446
Trade and other receivables – net	6, 27.2	**64,684,680,752**	**63,994,382,334**	56,941,858,393	56,478,631,731
Guarantee and other deposits	14	**890,420,128**	**890,420,128**	1,050,101,840	1,050,101,840
		P 90,690,118,114	**P 89,999,819,696**	P 85,746,528,679	P 85,283,302,017
Financial assets at FVTPL – Derivative assets	8	**P 62,038,593**	**P 62.038,593**	P 197,431,085	P 197,431,085
Financial assets at FVOCI – Equity securities	9	**P 5,390,622,368**	**P 5,390,622,368**	P 5,253,799,848	P 5,253,799,848
Financial Liabilities					
At amortized costs:					
Interest-bearing loans and borrowings	15	**P 71,780,316,218**	**P 70,784,042,923**	P 49,658,496,220	P 48,867,760,656
Bonds and notes payable	16	**31,114,591,251**	**30,360,173,852**	45,239,075,510	44,796,324,832
Trade and other payables	17	**26,394,004,577**	**26,156,848,944**	24,158,766,211	23,874,659,281
Advances from other related parties	27.3	**1,247,044,914**	**1,247,044,914**	2,126,611,006	2,126,611,006
Subscription payable	19	-	-	1,114,665,008	1,114,665,008
Other liabilities	19	**2,551,442,556**	**2,551,442,556**	2,221,460,294	2,221,460,294
		P 133,087,399,516	**P 131,099,553,189**	P 124,519,074,249	P 123,001,481,077

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 32.

33.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements, except as disclosed in Notes 27.2 and 27.3. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances. Further, certain trade receivables with carrying amount of P0.9 billion as of December 31, 2022 were assigned on a with-recourse basis which may be offset against the related outstanding borrowings from local banks of the same amounts [see Note 15.3(h)]. There is no similar transaction in 2023.

34. FAIR VALUE MEASUREMENT AND DISCLOSURES

34.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: 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); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by developing estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

34.2 Financial Instruments Measurement at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at December 31, 2023 and 2022 (see Notes 9 and 30).

	Level 1	Level 2	Level 3	Total
2023				
Financial assets –				
Equity securities	P 3,123,647,415	P -	P2,266,974,953	P 5,390,622,368
Derivatives	-	62,038,593	-	62,038,593
	P 3,123,647,415	**P 62,038,593**	**P2,266,974,953**	**P 5,452,660,961**
2022				
Financial assets –				
Equity securities	P 3,102,154,694	P -	P2,151,645,154	P 5,253,799,848
Derivatives	-	197,431,085	-	197,431,085
	P 3,102,154,694	P 197,431,085	P2,151,645,154	P 5,451,230,933

Described below are the information about how the fair values of the Group's classes of financial assets are determined.

(a) Equity Securities

As at December 31, 2023 and 2022, instruments included in Level 1 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

In 2023 and 2022, the fair value of these equity securities is determined using discounted cash flows valuation technique with discount rate of 8.5% and 8.9% in 2023 and 2022, respectively, and growth rate of 3.0% and 3.0% in 2023 and 2022, respectively. The forecasted annual net cash flows were also derived by taking into consideration the market conditions, economic factors, and historical performance and future projects of the investee company.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2023 and 2022 is shown below.

	2023	2022
Balance at beginning of year	**P 2,151,645,154**	P 2,661,866,841
Fair value gains (losses)	**115,329,799**	(510,221,687)
Balance at end of year	**P 2,266,974,953**	P 2,151,645,154

The Group recognized P13.8 million fair value losses and P69.6 million fair value losses in 2023 and 2022, respectively, on the Level 1 equity securities. For the Level 3 equity securities, the Group recognized P115.3 million fair value gains and P510.2 million fair value losses in 2023 and 2022, respectively (see Notes 9 and 28.8).

(b) Derivatives

The fair value of derivative financial instruments, related to the cross currency swaps , is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2 (see Note 30). The fair value is determined through valuation techniques using the net present value computation. The future principal and interest receipts and payments are discounted using readily observable reference rates at the date of valuation. The resulting net present value is translated into Philippine peso using the U.S. dollar exchange rate at the date of valuation to arrive at the fair value of the derivative financial instruments.

34.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Group's financial assets which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed include cash and cash equivalents, which are categorized as Level 1, and trade and other receivables – net, and guarantee and other deposits which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain bonds payable, which are categorized as Level 1, and interest-bearing loans and borrowings, redeemable preferred shares, trade and other payables and advances from their related parties which are categorized as Level 3.

The fair value of the Group's debt securities which consist of corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these financial instruments approximate their fair values as the effect of discounting is insignificant.

34.4 Fair Value of Investment Properties Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumption that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

As at December 31, 2023 and 2022, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment properties was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate. The fair market values of the properties that generated rental income in 2023 and 2022 are P481.5 billion and P464.8 billion as at December 31, 2023 and 2022, respectively, while the fair market value of idle land is P55.5 billion as of December 31, 2023 and 2022.

There were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022. The reconciliation of the carrying amount of investment properties included in Level 3 is presented in Note 12.

35. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using the debt-to-equity ratio using amounts of contracted borrowings versus total equity. Capital for the reporting periods under review is summarized as follows:

	2023	2022
Interest-bearing loans and borrowings	**P 71,780,316,218**	P 49,658,496,220
Bonds and notes payable	**31,114,591,251**	45,239,075,510
	P 102,894,907,469	P 94,897,571,730
Total equity	**P 260,667,845,972**	P241,020,522,952
Debt-to-equity ratio	**0.39 : 1:00**	0.39 : 1:00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for the years presented above.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (See Note 15)	Bonds and Notes Payable (See Note 16)	Lease Liabilities (See Note 19)	Advances from Associates and Other Related Parties (See Note 27)	Total
Balance as of January 1, 2023	P49,658,496,220	P45,239,075,510	P 610,746,280	P 2,126,611,006	P 97,634,929,016
Net cash flows:					
Proceeds	35,645,523,000	-	-	717,633,255	36,363,156,255
Repayments	(13,836,564,027)	(13,607,000,000)	(21,406,494)	(1,597,199,347)	(29,062,169,868)
Non-cash financing activities:					
Foreign currency exchange	229,732,032	(613,247,433)	(1,747,322)	-	(385,262,723)
Amortization of debt issue cost	83,128,993	95,763,174	-	-	178,892,167
Interest amortization on lease liabilities	-	-	37,792,646	-	37,792,646
Derecognition	-	-	(133,333,983)	-	(133,333,983)
Balance as of December 31, 2023	**P71,780.316,218**	**P 31,114,591,251**	**P 492,051,127**	**P 1,247,044,914**	**P104,634,003,510**
Balance as of January 1, 2022	P51,649,704,598	P41,982,042,246	P 589,572,800	P 3,243,336,539	P97,464,656,183
Net cash flows:					
Proceeds	10,522,520,857	-	-	1,317,261,209	11,839,772,066
Repayments	(12,451,825,598)	-	(18,840,748)	(2,433,986,742)	(14,904,653,088)
Non-cash financing activities:					
Foreign currency exchange	(135,332,769)	3,167,315,697	10,691,913	-	3,042,674,841
Amortization of debt issue cost	73,429,132	89,717,567	-	-	163,146,699
Interest amortization on lease liabilities	-	-	29,322,315	-	29,322,315
Balance as of December 31, 2022	P49,658,496,220	P45,239,075,510	P 610,746,280	P 2,126,611,006	P97,634,929,016
Balance as of January 1, 2021	P45,578,166,417	P40,282,855,986	P 587,616,971	P 2,683,950,114	P89,132,589,488
Net cash flows:					
Proceeds	26,643,083,897	-	-	608,170,119	27,251,254,016
Repayments	(20,982,065,248)	-	(29,570,421)	(48,783,694)	(21,060,419,363)
Non-cash financing activities:					
Foreign currency exchange	335,597,334	1,617,763,016	7,570,126	-	1,960,930,476
Amortization of debt issue cost	74,922,198	81,423,244	-	-	156,345,442
Additional lease liabilities		-	3,560,977	-	3,560,977
Interest amortization on lease liabilities	-	-	38,956,553	-	38,956,553
Derecognition	-	-	(18,561,406)	-	(18,561,406)
Balance as of December 31, 2021	P51,649,704,598	P41,982,042,246	P 589,572,800	P 3,243,336,539	P97,464,656,183

ANNEX "D-2"

MEGAWORLD CORPORATION

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Megaworld Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company'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.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman

LOURDES T. GUTIERREZ-ALFONSO
President

FRANCISCO C. CANUTO
SVP and Treasurer
(Chief Financial Officer)

Signed this 24th day of February 2025

24 FEB 2025 MAKATI CITY

SUBSCRIBED AND SWORN to before me on this ____ day of _____ at _____, Philippines affiants exhibiting to me their Tax Identification Nos. as follows:

Andrew L. Tan	125-960-003-000
Lourdes T. Gutierrez-Alfonso	106-893-930-000
Francisco C. Canuto	102-956-483-000

Doc. No. 106;
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Book No. 30;
Series of 2025

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466006 Jan. 2, 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio del Pilar, Makati City

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FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2024, 2023 and 2022

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

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Report of Independent Auditors

The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Opinion

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

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group, and its consolidated financial performance and its consolidated cash flows as at and for the year ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). The consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2023, are presented in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 our audits 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 discusses the adoption and impact of the previously deferred provisions of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry using modified retrospective approach. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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.

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because of the volume of transactions, complexity of the application of PFRS 15 and the related financial reporting interpretations, and involvement of significant judgment and estimation. Moreover, real estate sales amounting to P51.0 billion and cost of real estate sales amounting to P25.4 billion account for 62.4% of consolidated Revenues and Income and 42.3% of consolidated Costs and Expenses, respectively, for the year ended December 31, 2024. The areas affected by revenue recognition and determination of related costs, which require significant judgment and estimate, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects that defines the amount of revenue to be recognized, and determining the amount of actual costs incurred as cost of real estate sales.

In addition, the Group adopted in 2024 the previously deferred provisions of PFRS 15 and the related financial reporting interpretations using modified retrospective approach. These areas were significant to our audit as an error in the application of such complex accounting framework, which also requires significant judgment and estimate, could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition on real estate sales and the application of the modified retrospective approach are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 20 and 21, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include tests of design and operating effectiveness of relevant controls over revenue generation and recognition, as well as tests of information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

As part of our test of compliance with revenue recognition criteria, we tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behavior.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include test of controls over recognition and allocation of costs per project and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference of their budgeted costs.

In relation to the adoption of the previously deferred provisions of PFRS 15 and the related financial reporting interpretations, we obtained an understanding of the relevant changes in the Group's revenue recognition policy and related business processes. We evaluated the Group's application of the adopted provisions mentioned above and compliance thereto. We also performed tests of mathematical accuracy of the Group's analysis and schedule of significant financing component and completeness of the relevant supporting contract summary and calculations, review of reasonableness of applicable prior period adjustments accounted for under modified retrospective approach, examination of supporting documents of a sample of agreements, and performing overall analytical review of actual results.

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of design and operating effectiveness of controls over cost recognition and measurement, including IT general and application controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

(b) Consolidation Process

Description of the Matter

The Group's consolidated financial statements comprise the financial statements of Megaworld Corporation and its subsidiaries, as enumerated in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to our audit because of the complexity of the process. It involves identifying and eliminating voluminous intercompany transactions to properly reflect realization of profits and measurement of controlling and non-controlling interests.

The Group's policy on consolidation process is more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained understanding of the Group structure and its consolidation process including the procedures for identifying intercompany transactions and reconciling intercompany balances. We tested significant consolidation adjustments which include elimination of intercompany revenues, expenses, receivables, payables and investments, reversal of unrealized fair value adjustments on intercompany investments, and recognition of equity transactions to measure non-controlling interest.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the relevant accounting framework as discussed in Note 2 to the consolidated financial statements, 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, they 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 audit. 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 audits resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10465907, January 2, 2025, Makati City
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until Aug. 12, 2027)

February 24, 2025

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 21,421,340,361**	P 25,115,017,234
Trade and other receivables - net	6	**41,297,762,439**	35,926,522,343
Contract assets	20	**22,818,989,860**	16,725,717,102
Inventories	7	**135,861,851,519**	134,493,092,091
Advances to contractors and suppliers		**12,796,591,650**	12,796,034,554
Prepayments and other current assets	8	**13,483,399,074**	13,580,396,977
Total Current Assets		**247,679,934,903**	238,636,780,301
NON-CURRENT ASSETS			
Trade and other receivables - net	6	**33,261,605,435**	28,758,158,409
Contract assets	20	**12,696,802,261**	8,995,733,228
Advances to contractors and suppliers		**1,486,773,874**	1,796,688,120
Advances to landowners and joint operators	10	**8,830,352,156**	8,160,417,609
Financial assets at fair value through other comprehensive income	9	**5,411,250,309**	5,390,622,368
Investments in associates - net	11	**2,813,484,851**	3,069,422,324
Investment properties - net	12	**146,883,191,897**	135,155,548,880
Property and equipment - net	13	**7,194,011,622**	7,273,195,298
Deferred tax assets - net	26	**424,869,567**	412,824,612
Other non-current assets - net	14	**2,954,563,063**	2,923,327,024
Total Non-current Assets		**221,956,905,035**	201,935,937,872
TOTAL ASSETS		**P 469,636,839,938**	P 440,572,718,173

	Notes		2024		2023
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	15	**P**	**21,405,997,726**	P	16,625,470,088
Trade and other payables	17		**28,832,783,345**		26,394,004,577
Contract liabilities	20		**1,669,576,401**		1,763,382,934
Customers' deposits	2		**9,692,489,861**		9,440,841,699
Advances from other related parties	27		**1,463,852,566**		1,247,044,914
Income tax payable			**26,700,260**		69,133,848
Bonds and notes payable	16		**-**		11,997,992,546
Other current liabilities	19		**9,218,381,287**		8,837,345,891
Total Current Liabilities			**72,309,781,446**		76,375,216,497
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	15		**68,587,513,305**		55,154,846,130
Bonds and notes payable	16		**20,049,554,649**		19,116,598,705
Contract liabilities	20		**4,914,917,981**		5,693,360,461
Customers' deposits	2		**2,370,902,526**		2,383,982,004
Deferred tax liabilities - net	26		**15,884,995,337**		14,587,512,527
Retirement benefit obligation - net	25		**869,941,394**		618,205,997
Other non-current liabilities	19		**5,914,142,874**		5,975,149,880
Total Non-current Liabilities			**118,591,968,066**		103,529,655,704
Total Liabilities			**190,901,749,512**		179,904,872,201
EQUITY	28				
Total equity attributable to the Company's shareholders			**246,294,123,471**		227,821,868,243
Non-controlling interests			**32,440,966,955**		32,845,977,729
Total Equity			**278,735,090,426**		260,667,845,972
TOTAL LIABILITIES AND EQUITY		**P**	**469,636,839,938**	P	440,572,718,173

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
REVENUES AND INCOME				
Real estate sales	20	**P 50,988,478,086**	P 42,721,115,222	P 36,849,992,605
Rental income	12	**19,678,069,599**	17,854,466,048	15,653,727,970
Hotel operations	20	**5,107,047,400**	3,807,063,945	2,603,709,878
Interest and other income - net	23	**5,913,737,481**	5,345,510,276	4,419,826,198
		81,687,332,566	69,728,155,491	59,527,256,651
COSTS AND EXPENSES				
Cost of real estate sales	21	**25,381,121,671**	21,604,685,140	18,554,755,392
Cost of hotel operations	21	**2,965,752,572**	2,185,776,633	1,462,451,435
Operating expenses	22	**19,834,930,659**	16,959,260,295	14,584,659,156
Equity share in net losses of associates	11	**290,085,568**	65,412,001	155,429,591
Interest and other charges - net	24	**6,340,531,092**	5,056,713,055	5,628,116,792
Tax expense	26	**5,208,226,235**	4,455,738,864	3,767,557,891
		60,020,647,797	50,327,585,988	44,152,970,257
NET PROFIT FOR THE YEAR		**P 21,666,684,769**	P 19,400,569,503	P 15,374,286,394
Net profit attributable to:				
Company's shareholders		**P 18,749,285,284**	P 17,345,401,623	P 13,455,475,825
Non-controlling interests		**2,917,399,485**	2,055,167,880	1,918,810,569
		P 21,666,684,769	P 19,400,569,503	P 15,374,286,394
Earnings Per Share:	29			
Basic		**P 0.590**	P 0.560	P 0.431
Diluted		**P 0.590**	P 0.560	P 0.430

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	**2024**	2023	2022
NET PROFIT FOR THE YEAR		**P 21,666,684,769**	P 19,400,569,503	P 15,374,286,394
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to consolidated profit or loss:				
Fair value gains (losses) on financial assets at fair value through other comprehesive income	9	**(536,270,329)**	101,480,862	(579,783,082)
Actuarial gains (losses) on retirement benefit obligation	25	**(183,519,128)**	(268,851,445)	219,636,360
Tax income (expense)	25, 26	**32,067,402**	65,908,044	(55,553,033)
		(687,722,055)	(101,462,539)	(415,699,755)
Items that will be reclassified subsequently to consolidated profit or loss:				
Exchange difference on translating foreign operations	2	**75,688,819**	44,115,901	106,276,210
Unrealized gains (losses) on cash flow hedge	30	**(55,952,053)**	(34,246,151)	91,147,189
Share in other comprehensive income (losses) of associates	11	**34,148,095**	(3,348,877)	6,138,277
Tax expense	26	**(30,443,239)**	(20,768,304)	(34,902,030)
		23,441,622	(14,247,431)	168,659,647
Total Other Comprehensive Loss		**(664,280,433)**	(115,709,970)	(247,040,108)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 21,002,404,336**	P 19,284,859,532	P 15,127,246,286
Total comprehensive income attributable to:				
Company's shareholders		**P 18,235,174,133**	P 17,244,878,432	P 13,196,367,962
Non-controlling interests		**2,767,230,203**	2,039,981,100	1,930,878,324
		P 21,002,404,336	P 19,284,859,532	P 15,127,246,286

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Attributable to the Company's Shareholders							
	Capital Stock (See Note 28)	**Additional Paid-in Capital** (See Note 28)	**Treasury Shares - At Cost** (See Note 28)	**Revaluation Reserves** (See Note 28)	**Retained Earnings** (See Note 28)	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at January 1, 2024								
As reported	P 32,430,865,872	P 16,995,980,793	(P 2,852,655,275)	P 10,494,221,542	P 170,753,455,312	P 227,821,868,243	P 32,845,977,729	P 260,667,845,972
Effect of adoption of deferred PFRS 15 and other related interpretations (see Note 2)	-	-	-	-	(2,484,697,179)	(2,484,697,179)	(281,234,293)	(2,765,931,472)
As restated	32,430,865,872	16,995,980,793	(2,852,655,275)	10,494,221,542	168,268,758,133	225,337,171,064	32,564,743,436	257,901,914,500
Issuance of capital stock	1,375,000,000	1,237,500,000	-	-	-	2,612,500,000	-	2,612,500,000
Changes in percentage of ownership	-	-	-	2,774,895,670	-	2,774,895,670	(1,324,002,148)	1,450,893,522
Cash dividends	-	-	-	-	(2,662,552,254)	(2,662,552,254)	(1,567,004,536)	(4,229,556,790)
Realized loss on sale of financial assets at fair value through other comprehensive income	-	-	-	(117,429,707)	104,027,183	(13,402,524)	-	(13,402,524)
Share-based employee compensation	-	-	-	-	10,337,382	10,337,382	-	10,337,382
Total comprehensive income (loss) for the year	-	-	-	(514,111,151)	18,749,285,284	18,235,174,133	2,767,230,203	21,002,404,336
Balance at December 31, 2024	**P 33,805,865,872**	**P 18,233,480,793**	**(P 2,852,655,275)**	**P 12,637,576,354**	**P 184,469,855,728**	**P 246,294,123,471**	**P 32,440,966,955**	**P 278,735,090,426**
Balance at January 1, 2023	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Reissuance of treasury shares	-	333,233,823	515,166,177	-	-	848,400,000	-	848,400,000
Changes in percentage of ownership	-	-	-	3,225,985,331	-	3,225,985,331	363,803,525	3,589,788,856
Cash dividends	-	-	-	-	(2,058,559,594)	(2,058,559,594)	(1,352,156,123)	(3,410,715,717)
Acquisition of treasury shares	-	-	(668,595,880)	-	-	(668,595,880)	-	(668,595,880)
Share-based employee compensation	-	-	-	-	3,586,229	3,586,229	-	3,586,229
Total comprehensive income (loss) for the year	-	-	-	(100,523,191)	17,345,401,623	17,244,878,432	2,039,981,100	19,284,859,532
Balance at December 31, 2023	P 32,430,865,872	P 16,995,980,793	(P 2,852,655,275)	P 10,494,221,542	P 170,753,455,312	P 227,821,868,243	P 32,845,977,729	P 260,667,845,972
Balance at January 1, 2022	P 32,430,865,872	P 16,660,844,347	(P 1,784,028,454)	P 7,627,867,265	P 143,903,318,444	P 198,838,867,474	P 30,865,123,473	P 229,703,990,947
Exercise of stock options	-	1,902,623	902,111	-	(1,031,680)	1,773,054	-	1,773,054
Cash dividends	-	-	-	-	(1,911,107,946)	(1,911,107,946)	(1,001,652,570)	(2,912,760,516)
Acquisition of treasury shares	-	-	(916,099,229)	-	-	(916,099,229)	-	(916,099,229)
Share-based employee compensation	-	-	-	-	16,372,411	16,372,411	-	16,372,411
Total comprehensive income for the year	-	-	-	(259,107,863)	13,455,475,825	13,196,367,962	1,930,878,324	15,127,246,286
Balance at December 31, 2022	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 26,874,911,004**	P 23,856,308,367	P 19,141,844,285
Adjustments for:				
Depreciation and amortization	12, 13, 14	**3,655,645,823**	3,480,324,608	3,279,686,211
Interest income	23	**(3,100,666,819)**	(2,540,479,012)	(2,143,200,870)
Interest expense	24	**3,050,238,241**	2,635,396,341	2,258,100,909
Unrealized foreign currency losses (gains) - net		**1,308,490,990**	(362,380,482)	2,366,023,638
Equity share in net losses of associates	11	**290,085,568**	65,412,001	155,429,591
Dividend income	23, 27	**(80,298,237)**	(36,495,750)	(21,420,750)
Impairment loss on goodwill	14	**77,347,633**	-	-
Gain on derecognition of finance lease receivables	6	**(16,600,000)**	-	-
Loss (gain) on sale of property and equipment	13	**(15,230,557)**	302,916	(66,002)
Employee share options	25	**10,337,382**	3,586,229	16,372,411
Loss on disposal of investment property	12	**-**	-	832,805
Operating profit before working capital changes		**32,054,261,028**	27,101,975,218	25,053,602,228
Increase in trade and other receivables		**(8,226,774,526)**	(5,401,855,155)	(6,012,370,613)
Decrease (increase) in contract assets		**(11,362,234,817)**	(6,101,526,557)	302,323,589
Increase in inventories		**(3,777,334,567)**	(9,543,970,288)	(6,982,569,520)
Decrease (increase) in advances to contractors and suppliers		**309,357,150**	745,135,492	(321,139,074)
Decrease (increase) in prepayments and other current assets		**221,556,579**	(3,850,451,340)	(742,381,075)
Increase in advances to landowners and joint operators		**(669,934,547)**	(264,003,801)	(737,837,585)
Decrease (increase) in other non-current assets		**(152,889,544)**	838,172,118	846,939,366
Increase in trade and other payables		**5,870,572,259**	2,123,214,966	1,239,593,735
Increase (decrease) in contract liabilities		**(627,840,277)**	(789,678,135)	842,725,722
Increase (decrease) in customers' deposits		**238,568,684**	1,143,914,083	(1,472,950,409)
Decrease in other liabilities		**(465,135,596)**	(173,959,904)	(1,649,159,285)
Cash generated from operations		**13,412,171,826**	5,826,966,697	10,366,777,079
Cash paid for income taxes		**(2,042,526,209)**	(1,625,121,992)	(2,636,045,057)
Net Cash From Operating Activities		**11,369,645,617**	4,201,844,705	7,730,732,022
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	12	**(14,240,711,847)**	(10,857,268,275)	(12,115,399,233)
Financial assets at fair value through other comprehensive income	9	**(857,775,000)**	-	-
Property and equipment	13	**(541,305,194)**	(734,877,887)	(733,081,802)
Advances to associates and other related parties:	27			
Granted		**(1,548,728,342)**	-	(1,827,132,491)
Collected		**-**	112,550,636	-
Interest received		**2,366,978,118**	2,227,691,648	2,198,139,764
Proceeds from disposal of:				
Financial assets at fair value through other comprehensive income	9	**342,117,060**	-	-
Property and equipment	13	**44,849,212**	32,061,133	29,374,859
Dividends received		**91,718,707**	12,815,280	21,420,750
Acquisition and subscription of shares of stock of subsidiaries and associates		**-**	(659,964)	-
Net Cash Used in Investing Activities		**(14,342,857,286)**	(9,207,687,429)	(12,426,678,153)
Balance carried forward		**(P 2,973,211,669)**	(P 5,005,842,724)	(P 4,695,946,131)

	Notes	2024	2023	2022
Balance brought forward		**(P 2,973,211,669)**	(P 5,005,842,724)	(P 4,695,946,131)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of long and short-term liabilities	15, 36	**34,241,250,000**	35,645,523,000	10,522,520,857
Repayments of long and short-term liabilities	36	**(16,848,203,223)**	(13,836,564,027)	(12,451,825,598)
Repayments of bonds payable	36	**(12,000,000,000)**	(13,607,000,000)	-
Interest paid		**(6,117,969,545)**	(5,269,232,098)	(4,200,536,048)
Cash dividends paid	28	**(2,662,552,254)**	(2,058,559,594)	(1,911,107,946)
Proceeds from issuance of shares	28	**2,612,500,000**	-	1,773,053
Cash dividends declared and paid to non-controlling interest	1	**(1,567,004,536)**	(1,352,156,123)	(1,001,652,570)
Proceeds from sale of investment in subsidiary	28	**1,450,893,522**	3,565,448,820	-
Advances from other related parties:	27, 36			
Obtained		**353,260,008**	717,633,255	1,317,261,209
Paid		**(136,452,356)**	(1,597,199,347)	(2,433,986,742)
Repayments of lease liabilities	19, 36	**(46,186,820)**	(21,406,494)	(18,840,748)
Proceeds from reissuance of treasury shares	28	**-**	848,400,000	-
Acquisition of treasury shares	28	**-**	(668,595,880)	(916,099,229)
Redemption of preferred shares	18	**-**	-	(251,597,580)
Net Cash From (Used in) Financing Activities		**(720,465,204)**	2,366,291,512	(11,344,091,342)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,693,676,873)**	(2,639,551,212)	(16,040,037,473)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**25,115,017,234**	27,754,568,446	43,794,605,919
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 21,421,340,361**	P 25,115,017,234	P 27,754,568,446

Supplemental Information on Non-cash Investing and Financing Activities:

1) In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property between Inventories, Property and Equipment, and Investment Properties. These non-cash activities are not reflected in the consolidated statements of cash flows (see Notes 7, 12 and 13).

2) In 2024, the Group recognized right-of-use assets and lease liabilities amounting to P86.7 million (see Notes 13 and 19).

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
fDECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.1 Composition of the Group

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associates:

	Effective Percentage of Ownership		
Subsidiaries	**2024**	2023	2022
Prestige Hotels and Resorts, Inc. (PHRI)	**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)	**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	**100%**	100%	100%
Megaworld Oceantown Properties, Inc. [formerly: Oceantown Properties, Inc.] (MOPI)	**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	**100%**	100%	100%
Arcovia Properties, Inc. (API)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2024	2023	2022
Megaworld Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services,Inc.(GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)	(g)	**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)		**100%**	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. [formerly: San Vicente Coast, Inc.] (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(g)	**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(g)	**100%**	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. (MREIT)	(f)	**63.44%**	55.63%	62.09%
Grand Westside Hotel, Inc. (GWHI)		**100%**	100%	-
Belmont Hotel Mactan, Inc. (BHMI)	(g)	**100%**	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc.(VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center Administration, Inc. (CCCAI)	(e)	**100%**	100%	100%
Westside Commercial Center Administration, Inc. (WCCAI)	(e, k)	**100%**	-	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2024	2023	2022
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Sunrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.41%
Global-Estate Resorts, Inc. (GERI)	(m)	**82.51%**	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)	(n)	**82.51%**	82.32%	82.32%
Southwoods Mall, Inc. (SMI)	(n)	**91.19%**	91.09%	91.09%
Elite Club & Leisure Inc. (ECLI)	(n)	**82.51%**	82.32%	-
Integrated Resorts Property Management Inc.(IRPMI)	(n)	**82.51%**	82.32%	-
Megaworld Global-Estate, Inc. (MGEI)	(n)	**89.51%**	89.39%	89.39%
Twin Lakes Corporation (TLC)	(n)	**91.08%**	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)	(n)	**91.08%**	90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)	(n)	**82.51%**	82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a, n)	**82.51%**	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a, n)	**82.51%**	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a, n)	**82.51%**	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a, n)	**82.51%**	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a, n)	**82.51%**	82.32%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(n)	**82.51%**	82.32%	82.32%
MCX Corporation (MCX)	(a, n)	**82.51%**	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a, n)	**82.51%**	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a, n)	**82.51%**	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)	(n)	**82.51%**	82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a, n)	**82.51%**	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a,n)	**65.18%**	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)	(n)	**45.38%**	45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)	(n)	**82.51%**	82.32%	82.32%
Golforce, Inc. (Golforce)	(n)	**82.51%**	82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)	(n)	**49.50%**	49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a, n)	**49.50%**	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)	(n)	**82.51%**	82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a, n)	**82.51%**	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a, n)	**82.51%**	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(n)	**82.51%**	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)	(n)	**82.51%**	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)	(n)	**41.22%**	41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership		
		2024	2023	2022
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holding, Inc. [formerly: Suntrust Home Developers, Inc.] (SUN)		**34%**	34%	34%
SWC Project Management Limited (SWCPML)		**34%**	34%	34%
WC Project Management Limited (WCPML)		**34%**	34%	34%
Suntrust WC Hotel Inc. (Suntrust WC)		**34%**	34%	34%
GERI				
Fil-Estate Network, Inc. (FENI)	(a)	**16.50%**	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.50%**	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.50%**	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.50%**	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.55%**	11.52%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2024.

(b) As at December 31, 2024, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2024, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2024, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

(e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Parent Company through MLI, their immediate parent company.

(f) MFMI, MPMI and MREIT are newly incorporated subsidiaries in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act (R.A.) No. 9856*, The Real Estate Investment Trust Act of 2009,* including its implementing rules and regulations, and other applicable laws. As of 2023, ownership is at 55.63%. In April and May 2024, the Parent Company disposed certain number of shares resulting in a decrease in ownership to 51.33%. Subsequently in November 2024, the Parent Company expanded its ownership in MREIT in 63.44% by acquiring additional common shares through property share swap.

(g) These were incorporated to engage in owning, leasing, operation and management of hotels.

(h) As at December 31, 2024, the effective ownership of Parent Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) The ownership structure of this entity remains at 60% owned by the Parent Company after a decrease in capital in 2021.

(j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Ultimate Parent Company were transferred to the Parent Company, increasing the effective ownership of the Parent Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.

(k) Newly incorporated subsidiary in 2024.

(l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

(m) In April 2024, the Parent Company acquired additional shares of GERI, increasing its ownership interest to 82.51%.

(n) Subsidiaries of GERI. As a result of the additional investments in GERI in 2024, the Parent Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI.

All subsidiaries and associates were incorporated and have their principal place of business in the Philippines, except for the following:

- MCII – incorporated and has principal place of business in the Cayman Islands
- RHGI – incorporated and has principal place of business in the British Virgin Islands
- SWCPML – incorporated and has principal place of business in Hongkong
- WCPML – incorporated and has principal place of business in Macau

The Parent Company and its subsidiaries, except for entities which have not yet started commercial operations as at December 31, 2024, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations and marketing services and e-commerce.

There are no significant restrictions on the Parent Company's ability to access or use the assets and settle the liabilities of the Group.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

1.2 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below (in thousands).

Name	Interest and Voting Accumulated Rights Held by NCI			Subsidiary's Consolidated Profit Allocated to NCI			Accumulated Equity of NCI		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
GERI	**17.49%**	17.68%	17.68%	**P 381,303**	P 444,108	P 504,135	**P 6,893,581**	P 6,836,602	P 6,465,556
EELHI	**18.27%**	18.27%	18.27%	**51,510**	119,520	132,014	**11,173,183**	11,199,106	11,079,586
MCTI	**23.72%**	23.72%	23.72%	**105,275**	119,873	61,367	**1,608,254**	1,564,420	1,540,324
MREIT	**36.56%**	44.37%	37.91%	**1,184,680**	942,175	847,186	**2,912,533**	4,329,357	4,106,038
MBPHI	**31.97%**	31.97%	31.97%	**421,819**	241,170	358,251	**4,402,555**	3,979,512	3,738,342
LFI	**33.33%**	33.33%	33.33%	**59,677**	70,067	50,573	**1,261,818**	1,285,466	1,315,389
NWPI	**40.00%**	40.00%	40.00%	**403,362**	(118,125)	768	**2,821,239**	2,423,019	2,304,894

The summarized balance sheets of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations are shown below.

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2024					
GERI	**P 43,520,675,531**	**P 19,362,062,208**	**P 9,547,471,246**	**P 12,757,865,523**	**P 40,577,401,970**
EELHI	**42,808,668,889**	**6,555,567,009**	**15,169,618,380**	**2,863,546,331**	**31,331,071,187**
MCTI	**6,183,183,096**	**1,473,505,161**	**671,486,709**	**205,043,437**	**6,780,158,111**
MREIT	**2,878,691,457**	**69,153,511,894**	**1,489,968,913**	**8,149,535,257**	**62,392,699,181**
MBPHI	**23,007,375,092**	**1,144,208,440**	**9,166,743,717**	**3,093,880,592**	**11,890,959,223**
LFI	**335,683,539**	**861,745,264**	**287,029,563**	**56,784,108**	**853,615,132**
NWPI	**4,431,598,439**	**2,530,076,920**	**584,695,943**	**461,609,010**	**5,915,370,406**
December 31, 2023					
GERI	P 40,459,590,601	P 21,107,842,595	P 8,530,655,854	P 13,068,472,896	P 39,968,304,446
EELHI	43,263,011,730	6,276,810,211	15,120,472,622	3,025,040,329	31,394,308,990
MCTI	6,426,075,428	958,427,060	632,829,665	156,311,163	6,595,361,660
MREIT	2,261,749,722	59,189,370,284	1,187,901,989	8,124,659,098	52,138,558,919
MBPHI	21,064,534,374	1,795,986,214	8,122,965,525	4,169,846,245	10,567,708,818
LFI	480,394,071	835,814,337	329,085,827	66,508,985	920,613,596
NWPI	5,024,990,012	44,333,466	273,773,758	306,243,335	4,489,306,385

The summarized comprehensive income of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations is shown below.

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2024			
GERI	**P 8,840,867,585**	**P 2,083,677,957**	**P 19,419,854**
EELHI	**4,971,889,273**	**701,376,611**	**(31,447,732)**
MCTI	**1,203,387,306**	**443,823,924**	**-**
MREIT	**4,598,219,598**	**857,220,705**	**-**
MBPHI	**5,353,963,078**	**1,319,421,021**	**-**
LFI	**405,733,351**	**179,047,435**	**-**
NWPI	**2,162,295,321**	**1,008,405,238**	**-**
2023			
GERI	P 8,389,466,594	P 2,113,325,233	(P 8,416,676)
EELHI	5,203,131,447	788,653,304	(154,029,551)
MCTI	989,243,868	509,841,059	-
MREIT	4,156,504,467	168,343,855	-
MBPHI	5,176,390,657	779,022,671	-
LFI	428,024,009	223,264,780	(517,752)
NWPI	430,737,444	293,266,702	-
2022			
GERI	P 7,330,290,215	P 2,086,560,251	P 38,918,313
EELHI	4,707,066,845	715,376,123	51,178,999
MCTI	581,200,403	254,239,433	-
MREIT	3,648,767,258	176,553,547	-
MBPHI	5,040,895,626	1,036,189,706	-
LFI	304,715,933	149,752,329	(356,140)
NWPI	17,899,291	(1,920,049)	-

The summarized cash flows of GERI, EELHI, MCTI, MREIT, MBPHI, LFI and NWPI before intragroup eliminations are shown below.

	Net Cash From (Used in)		
	Operating Activity	Investing Activity	Financing Activity
2024			
GERI	**P 1,077,453,361**	**(P 752,327,984)**	**(P 156,003,789)**
EELHI	**(531,531,275)**	**19,480,065**	**(341,539,709)**
MCTI	**(785,647,556)**	**20,295,774**	**(251,751,146)**
MREIT	**3,309,086,299**	**-**	**(3,031,143,255)**
MBPHI	**(129,151,408)**	**(694,560,006)**	**962,445,334**
LFI	**215,397,200**	**(80,319,095)**	**(299,784,772)**
NWPI	**(803,253,957)**	**(887,536,654)**	**432,259,735**
2023			
GERI	P 243,620,711	(P 1,749,326,023)	(P 87,887,407)
EELHI	440,922,303	67,140,204	(228,380,011)
MCTI	(995,779,391)	187,254,202	-
MREIT	3,387,700,668	-	(3,089,314,682)
MBPHI	(4,606,227,279)	19,576,963	(4,712,660,638)
LFI	319,759,454	(5,906,351)	(299,784,772)
NWPI	(110,930,687)	(24,955)	785,051,956
2022			
GERI	P 243,620,711	(P 1,749,326,023)	(P 87,887,407)
EELHI	390,373,664	26,523,351	(368,526,330)
MCTI	(927,266,336)	81,454,652	1,051,104,773
MREIT	2,780,620,961	-	(2,733,900,508)
MBPHI	(2,700,064,579)	(244,043,362)	(367,097,567)
LFI	249,164,549	(153,471)	(199,512,547)
NWPI	285,260,510	(976,240)	1,575,478,709

The summarized dividend declarations paid to NCI are shown below.

	2024	2023
MREIT	**P 1,295,704,391**	P 1,083,319,430
GERI	**128,256,821**	22,006,572
LFI	**83,325,000**	99,990,000
MCTI	**59,715,371**	95,777,333
OPI	**-**	51,056,000
ECOC	**2,953**	6,788
	P 1,567,004,536	P 1,352,156,123

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 (including the comparative consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Group's BOD on February 24, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Prior to 2024, the Group's consolidated financial statements were prepared in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 Pandemic [see Note 2.1(b)]. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed and Adopted by the Group

In 2023 and prior years, the Group has availed of several financial reporting reliefs granted by the SEC relating to the number of implementation issues of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry under the Memorandum Circulars (MC) in the succeeding page.

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*

In 2024, the Group adopted the previously deferred provisions of PFRS 15 and the related issuances of the Philippine Interpretations Committee, and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) using modified retrospective approach as allowed by SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision.*

The adoption of these standards and interpretations has resulted to adjustments to the amounts recognized in the consolidated financial statements as at January 1, 2024, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for the current period.

Discussed below and in the succeeding pages are the relevant information about these standards and interpretations, and the resulting adjustments to the relevant consolidated financial statements accounts as at January 1, 2024.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

As a result of the adoption of the IFRIC Agenda Decision, Inventories decreased by P1,950.6 million and Deferred Tax Liabilities – net decreased by P487.6 million as at January 1, 2024.

(ii) PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

As a result of the adoption of this interpretation, Trade and Other Receivables – net as at January 1, 2024 increased by P20.5 million and Contract Assets decreased by P1,567.9 million. Further, Contract Liabilities decreased by P244.4 million.

The following table shows the summary of the impact of the adoption of IFRIC Agenda (PAS 23) and PIC Q&A No. 2018-12D on the Group's retained earnings as at January 1, 2024.

	Notes	As previously reported	Restatement	As restated
Total assets:				
Trade and other receivables – net	2.1b(ii)	P 64,684,680,752	P 20,475,839	P 64,075,156,591
Contract assets	2.1b(ii)	25,721,450,330	(1,567,893,026)	24,153,557,304
Inventories	2.1b(i)	134,493,092,091	(1,950,564,028)	132,542,528,063
			(3,497,981,215)	
Total liabilities:				
Contract liabilities	2.1b(ii)	(7,456,743,395)	244,408,736	(7,212,334,659)
Deferred tax liabilities – net	2.1b(i)	(14,587,512,527)	487,641,007	(14,099,871,520)
			732,049,743	
Impact on net assets			**(P 2,765,931,472)**	
Total equity:				
Attributable to the Company's shareholders		P 227,821,868,243	P (2,484,697,179)	P 225,337,171,064
Non-controlling interests		32,845,977,729	(281,234,293)	32,564,743,436
			(P 2,765,931,472)	

(c) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents a consolidated statement of comprehensive income separate from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine Peso, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of Amended PFRS Accounting Standards

(a) Effective in 2024 that are Relevant to the Group

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Lease Liability in a Sale and Leaseback

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.* The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 16 (Amendments), *Lease Liability in a Sale and Leaseback*. The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2024 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have a significant impact on the Group's consolidated financial statements:

(i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

(ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iv) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

(v) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

Acquired investment in associate is subject to the purchase method.

2.4 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Except for MCII and RHGI, which use the United States (U.S.) dollar as their functional currency, the accounting records of the Parent Company and its subsidiaries are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of MCII and RHGI, which are measured using the U.S. dollar, their functional currency, are translated to Philippine peso, the Parent Company's functional currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end reporting period;

(ii) Income and expenses for each profit or loss account are translated at the annual average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in MCII and RHGI are recognized under Exchange Difference on Translating Foreign Operations account in the consolidated statement of comprehensive income. As these entities are wholly owned subsidiaries, the translation adjustments are fully allocated to the Parent Company's shareholders.

The translation of the consolidated financial statements into Philippine Peso should not be construed as a representation that the U.S. dollar amounts could be converted into Philippine Peso amounts at the translation rates or at any other rates of exchange.

2.5 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (SPPI). In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, or other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at FVTPL.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL or if it is a contingent consideration recognized arising from a business combination. Accordingly, the Group has designated certain equity instruments as at FVOCI.

Financial Assets at Fair Value Through Profit or Loss

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The Group applies the simplified approach in measuring expected credit loss (ECL), which uses a lifetime expected loss allowance for all trade and other receivables and contract assets including those which contain significant financing component. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Note 32.3(b)].

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such 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.

(b) Financial Liabilities

Financial liabilities of the Group include interest-bearing loans and borrowings, bonds and notes payable, trade and other payables (except tax-related liabilities), derivative liabilities, advances from other related parties, commission payable and subscription payable (presented as part of Other Current Liabilities and Other Non-current Liabilities in the consolidated statement of financial position).

2.6 Inventories

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; and, related property development costs.

Costs of inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized plus any amount to be refunded to customers and the cost of the repossessed property is recognized in the consolidated statement of income.

2.7 Property and Equipment

Property and equipment, including land, are carried at acquisition or construction cost less subsequent depreciation and/or amortization for property and equipment, and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. Amortization of office improvements is recognized over the estimated useful lives of improvements or the term of the lease, whichever is shorter.

The depreciation and amortization periods for other property and equipment, based on the above policies, are as follows:

Buildings and improvements	5-25 years
Office improvements	5-20 years
Transportation equipment	5 years
Office furniture, fixtures and equipment	3-5 years

The measurement for right-of-use assets is disclosed in Note 2.10(a).

2.8 Investment Properties

Investment properties include properties held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, property management fees and hotel operations.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed.

The Group also enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(c). Sales cancellations are accounted for as contract modification on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales on pre-completed real estate properties is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales on pre-completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales on completed real estate properties is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales on completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of income. For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Parent Company, GERI, EELHI, SPI, MBPHI, SEDI, OPI, NWPI, MGLI, SVCI, MCTI, STLI, API and MBPI.

(c) *Sale of undeveloped land and golf and resort shares for sale* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized at a point in time when the control over the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably.

(d) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(e) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(f) *Rendering of services* – Revenues are recognized over time (i.e., time-and-materials basis as the services are provided or based on the actual work done) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include property management, commission and construction income.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

Cost of real estate sales include the acquisition cost of the land, development costs incurred to date and estimated costs to complete the project, determined based on estimates made by the project engineers.

In determining the transaction price of real estate sales, the Group adjusts the contract price for the effects of time value of money when the timing of payments agreed to with the customer provides either party with a significant benefit of financing the transfer of goods or services to the customer. In buyer financing arrangements where buyer payments are ahead of the development of the sold property, the Group recognizes interest expense which is presented as part of Interest and Other Charges in the consolidated statement of income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Company recognizes interest income which is presented as part of Interest and Other Income in the consolidated statement of income.

The Group applies the practical expedient under PFRS 15 where the promised amount of consideration is no longer adjusted for the effects of significant financing component when the Group expects, at contract inception, that the period between when the Group transfers the promised good or service to a customer and when the customer pays for such good or service will be one year or less. The significant judgment used in determining the existence of significant financing component in the contract is disclosed in Note 3.1(d).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as how the Group assesses impairment of its financial assets [see Note 2.5(a)(ii)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sale, consideration received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.10 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

(b) Group as Lessor

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.11 Impairment of Non-financial Assets

The Group's Investments in Associates, Goodwill and Leasehold rights (included as part of Other Non-current Assets), Investment Properties, Property and Equipment, and other non-financial assets are subject to impairment testing. Goodwill and intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.12 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits.

The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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.

(a) Determining Existence of a Contract with Customer

In a sale of real estate property, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by the customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether the collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(d)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate properties is satisfied over time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. Conversely, the Group's performance obligation for sale of completed real estate properties is satisfied at a point in time.

(ii) Hotel Operations

The Group determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other entities. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iii) Food and Beverages, and Others

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management assesses that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(iv) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(v) Property Management Services

The Group determines that its revenue from property management services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers.

The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(d) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(e) Determination of the Existence of Significant Financing Component in the Contract

The Group enters into real estate sales contracts offering various payment schemes to its customers. The timing of transaction price collection can significantly differ from the timing of the Group's fulfillment of its performance obligations. The Group exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Group or its customers. This assessment is conducted at the inception of the contract, considering the contractual payment terms and the projected completion timeline of the related real estate development.

(f) Determination of ECL on Trade and Other Receivables and Contract Assets

The Group uses a provision matrix to calculate ECL for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, projects and customer type).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). The Group considered the continuing impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. Details about the ECL on the Group's trade and other receivables are disclosed in Note 32.3(b).

(g) Distinction Among Investment Properties and Owner-occupied Properties

The Group determines whether a property should be classified as investment property or owner-occupied property. The Group applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Group's main line of business or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Group's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(h) Distinction Between Inventories and Investment Properties

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgment.

(i) Distinction Between Investments in Financial Instruments and Inventories

Being a real estate developer, the Group determines how golf and resort shares shall be accounted for. In determining whether these shares shall be accounted for as either inventories or investments in financial instruments, the Group considers its role in the development of the club and its intent for holding these shares. The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell a developed property together with the club share.

(j) Distinction Between Asset Acquisition and Business Combinations

The Parent Company acquires subsidiaries that own real estate properties. At the time of acquisition, the Parent Company considers whether the acquisition represents acquisition of a business or asset. The Parent Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property,* on ancillary services.

(k) Distinction Between Operating and Finance Leases (as a Lessor)

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Group's lease agreements, as lessor, are classified either operating or finance leases.

(l) Consolidation of Entities in which the Group Holds 50% or Less of Voting Rights

Management considers that the Group has de facto control over investees even though it effectively holds less than 50% of the ordinary shares and voting rights in those companies when it has the ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors (see Note 1.1).

(m) Significant Influence on Investees Even if the Group Holds Less than 20% of Voting Rights

The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but has no control or joint control of those policies (see Notes 1.1 and 11).

(n) Determination on whether Lease Concessions Granted constitute a Lease Modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group amounted to P1.4 billion in 2022 (nil in 2024 and 2023).

(o) Share-based Employee Remuneration

The Group grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date.

(p) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 31.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary.

A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Determination of Appropriate Discount Rate in Measuring Significant Financing Component

In the sale of real estate properties, the transaction price is recognized at the present value of the installment payments discounted to the date the entity expects to satisfy its performance obligation.

When adjusting the consideration for significant financing component, an entity shall use the discount rate that would be reflected in a separate financing transaction at contract inception. Management considers the discount rate which would reflect the credit characteristics of the party receiving financing in the contract as well as any collateral or security provided by the customer or entity. Specifically, for contracts classified as 'seller financing' the Group bases its lending rate on the rate extended to buyers who utilize its in-house financing. This lending rate is adjusted to reflect the specific circumstances of each financing transaction. For contracts classified as 'buyer financing', the Group estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Group is considered the borrower

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 32.3(b).

(d) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the inventories within the next reporting period. In evaluating net realizable value of inventories, recent market conditions and current market prices have been considered. The carrying value of Inventories is disclosed in Note 7.

(e) Fair Value of Share Options

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share options were granted. The estimates and assumptions used are presented in Note 28.6 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Group's share price and fair value of the Group's common shares. Changes in these factors can affect the fair value of share options at grant date.

The fair value of share options recognized as part of Salaries and employee benefits in 2024, 2023 and 2022 is presented in Note 25.2.

(f) Fair Value Measurement of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair value of investment properties earning rental income through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 34.4.

(g) Estimation of Useful Lives of Investment Properties, Property and Equipment, and Leasehold Rights

The Group estimates the useful lives of investment properties, property and equipment, and leasehold rights based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of investment properties and property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

An analysis of the movements in the carrying amount of Investment Properties, Property and Equipment, and Leasehold Rights are presented in Notes 12, 13 and 14, respectively.

(h) Valuation of Financial Assets at Fair Value through Other Comprehensive Income

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, management applies valuation techniques to determine the fair value of financial instruments. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period. Valuation methods used in determining the fair value of these financial assets are disclosed in Note 34.2(a).

The carrying amounts of financial asset at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 9.

(i) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(j) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2024 and 2023 will be utilized in the succeeding years. The carrying amount of the net deferred tax assets as at December 31, 2024 and 2023 is disclosed in Note 26.

(k) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become evident. In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows.

Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the amount of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Aside from the impairment on the Group's goodwill in 2024, there are no other impairment losses on other non-financial assets required to be recognized in 2024, 2023 and 2022 based on management's assessment (see Note 14).

(l) Valuation of Retirement Obligation

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amount of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 25.3.

(m) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their acquisition date fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- interest income and costs, and foreign currency gains and losses;
- equity in net earnings of associates, fair value gains, dividend income and foreign currency gains/losses; and,
- gain on sale of investments in associate.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The tables presented below and in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2024, 2023 and 2022 and certain assets and liabilities information regarding segments as at December 31, 2024 and 2023.

	2024			
	Sale of Goods	**Sale of Services**		
	Real Estate	**Rental**	**Hotel Operations**	**Total**
TOTAL REVENUES				
Sales to external customers	P 50,988,478,086	P 19,678,069,599	P 5,107,047,400	P 75,773,595,085
Intersegment sales	-	1,354,506,683	-	1,354,506,683
	50,988,478,086	21,032,576,282	5,107,047,400	77,128,101,768
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	34,765,504,116	2,548,550,513	4,359,608,601	41,673,663,230
Depreciation and amortization	324,662,154	2,971,079,941	192,595,682	3,488,337,777
	35,090,166,270	5,519,630,454	4,552,204,283	45,162,001,007
SEGMENT OPERATING PROFITS	**P 15,898,311,816**	**P 15,521,945,828**	**P 554,843,117**	**P 31,966,100,761**
ASSETS AND LIABILITIES				
Segment assets	**P 287,134,583,427**	**P 154,993,635,808**	**P 6,984,442,041**	**P 449,112,661,276**
Segment liabilities	**P 117,765,360,758**	**P 67,131,164,809**	**P 2,113,631,188**	**P 187,010,156,755**

	2023			
	Sale of Goods	Sale of Services		
	Real Estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 42,721,115,222	P 17,854,466,048	P 3,807,063,945	P 64,382,645,215
Interest income on real estate sales	1,129,913,991	-	-	1,129,913,991
Intersegment sales	-	688,393,835	-	688,393,835
	43,851,029,213	18,542,859,883	3,807,063,945	66,200,953,041
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses, excluding depreciation and amortization	29,797,634,218	2,174,351,445	3,179,787,694	35,151,773,357
Depreciation and amortization	299,788,932	2,847,130,267	183,412,704	3,330,331,903
	30,097,423,150	5,021,481,712	3,363,200,398	38,482,105,260
SEGMENT OPERATING PROFITS	P 13,753,606,063	P 13,521,378,171	P 443,863,547	P 27,718,847,781
ASSETS AND LIABILITIES				
Segment assets	P 270,084,403,031	P 145,952,507,542	P 6,129,045,419	P 422,165,955,992
Segment liabilities	P 120,821,155,240	P 52,311,008,997	P 2,202,470,050	P 175,334,634,287

	2022			
	Sale of Goods	Sale of Services		
	Real Estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 36,849,992,605	P 15,653,727,970	P 2,603,709,878	P 55,107,430,453
Interest income on real estate sales	799,056,815	-	-	799,056,815
Intersegment sales	-	532,327,818	-	532,327,818
	37,649,049,420	16,186,055,788	2,603,709,878	56,438,815,086
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses, excluding depreciation and amortization	25,712,626,517	1,856,763,898	2,101,359,090	29,670,749,505
Depreciation and amortization	258,051,817	2,731,898,812	144,072,673	3,134,023,302
	25,970,678,334	4,588,662,710	2,245,431,763	32,804,772,807
SEGMENT OPERATING PROFITS	P 11,678,371,086	P 11,597,393,078	P 358,278,115	P 23,634,042,279
ASSETS AND LIABILITIES				
Segment assets	P 249,662,958,994	P 136,205,789,990	P 5,859,552,165	P 391,728,301,149
Segment liabilities	P 112,314,538,777	P 48,232,117,701	P 1,569,242,763	P 162,115,899,242

The total project and capital expenditures amounted to P50.8 billion, P50.0 billion and P45.9 billion in 2024, 2023 and 2022, respectively.

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2024	2023	2022
Revenues			
Total segment revenues	**P 77,128,101,768**	P 66,200,953,041	P 56,438,815,086
Unallocated interest and other income	**5,913,737,481**	4,215,596,285	3,620,769,383
Elimination of intersegment sales	**(1,354,506,683)**	(688,393,835)	(532,327,818)
Revenues as reported in profit or loss	**P 81,687,332,566**	P 69,728,155,491	P 59,527,256,651
Profit or loss			
Segment operating profit	**P 31,966,100,761**	P 27,718,847,781	P 23,634,042,279
Unallocated interest and other income	**5,913,737,481**	4,215,596,285	3,620,769,383
Unallocated interest and other charges	**(6,340,531,092)**	(5,056,713,054)	(5,628,116,793)
Equity share in net losses	**(290,085,568)**	(65,412,001)	(155,429,591)
Other unallocated expenses	**(4,374,310,578)**	(2,956,010,644)	(2,329,420,993)
Profit before tax as reported in profit or loss	**P 26,874,911,004**	P 23,856,308,367	P 19,141,844,285

		2024		2023
Assets				
Segment assets	**P**	**449,112,661,276**	P	422,165,955,992
Investments in associates		**2,813,484,851**		3,069,422,324
Financial assets at fair value through other comprehensive income		**5,411,250,309**		5,390,622,368
Advances to other related parties		**7,815,436,402**		6,266,708,060
Other unallocated assets		**4,484,007,100**		3,680,009,429
Total assets reported in the consolidated statements of financial position	**P**	**469,636,839,938**	P	440,572,718,173
Liabilities				
Segment liabilities	**P**	**187,010,156,755**	P	175,334,634,287
Advances from other related parties		**1,463,852,566**		1,247,044,914
Other unallocated liabilities		**2,427,740,191**		3,323,193,000
Total liabilities reported in the consolidated statements of financial position	**P**	**190,901,749,512**	P	179,904,872,201

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

		2024		2023
Cash on hand and in banks	**P**	**11,480,750,706**	P	9,386,227,441
Short-term placements		**9,940,589,655**		15,728,789,793
	P	**21,421,340,361**	P	25,115,017,234

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods between 30 to 60 days and earn effective interest ranging from 0.50% to 6.25% in 2024 and 2023, and 0.50% to 5.70% in 2022 (see Note 23).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes		2024		2023
Current:					
Trade	15.3(g), 27.1	**P**	**28,610,399,856**	P	24,672,722,893
Allowance for impairment			**(697,949,941)**		(708,270,478)
			27,912,449,915		23,964,452,415
Advances to associates and other related parties	27.2		**7,815,436,402**		6,266,708,060
Others			**5,569,876,122**		5,695,361,868
Balance carried forward		**P**	**41,297,762,439**	P	35,926,522,343

	Notes	2024	2023
Balance brought forward		**P 41,297,762,439**	P 35,926,522,343
Non-current:			
Trade	15.3(g)	**27,904,899,573**	23,640,010,441
Allowance for impairment		**(12,224,936)**	(12,224,936)
		27,892,674,637	23,627,785,505
Others	27.1	**5,368,930,798**	5,130,372,904
		33,261,605,435	28,758,158,409
		P 74,559,367,874	P 64,684,480,752

Trade receivables mainly pertain to receivables from real estate sales and rental transactions.

The installment period of sales contracts averages one to five years. Noninterest-bearing trade receivables from real estate sales with maturity of more than one year after the end of the reporting period are assessed for existence of a significant financing component. Interest income recognized amounted to P1,036.2 million, P1,129.9 million and P799.0 million in 2024, 2023 and 2022, respectively. These amounts are presented as part of Interest income from significant financing component under Real Estate Sales account in the 2024 consolidated statement of income and as part of Interest income under Interest and Other Income – net account in the 2023 and 2022 consolidated statements of income (see Notes 20 and 23).

Others include finance lease receivables arising from sublease transaction entered by the Group. As at December 31, 2023, the current and non-current portion of the finance lease receivables amounted to P2.0 million and P315.1 million, respectively. The Group derecognized its finance lease receivables in 2024, resulting in a recognition of gain amounting to P16.6 million, which is presented as part of Miscellaneous – net under Interest and Other Income – net in the 2024 consolidated statement of income (see Note 23). Other current receivables include certain advances to condominium associations and other counterparties within the ordinary course of business, which are expected to be realized within 12 months from the end of the reporting periods.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 32.3(b)].

A reconciliation of the allowance for impairment losses on trade receivables at the beginning and end of 2024 and 2023 is shown below.

	Current	Non-current	Total
December 31, 2024:			
Balance at beginning of year	**P 708,270,478**	**P 12,224,936**	**P 720,495,414**
Impairment loss	**45,211,742**	**-**	**45,211,742**
Reversal of impairment	**(55,532,279)**	**-**	**(55,532,279)**
Balance at end of year	**P 697,949,941**	**P 12,224,936**	**P 710,174,877**
December 31, 2023:			
Balance at beginning of year	P 749,340,938	P 12,224,936	P 761,565,874
Reversal of impairment	(41,070,460)	-	(41,070,460)
Balance at end of year	P 708,270,478	P 12,224,936	P 720,495,414

Certain past due rent receivables presented as part of Trade receivables were found to be impaired using the provisional matrix as determined by management; hence, credit loss of P45.2 million was recognized in 2024 (see Note 24). In 2024 and 2023, based on management's reassessment of recoverability of receivables, the Group reversed a portion of allowance for impairment amounting to P55.5 million and P41.1 million, respectively. The resulting gain on reversal is presented as part of Miscellaneous – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

7. INVENTORIES

The composition of this account as at December 31 is shown below.

	2024	2023
Residential and condominium units	**P 109,633,318,651**	P 109,694,023,497
Raw land inventory	**12,212,744,073**	12,396,943,363
Property development costs	**11,074,601,834**	9,480,158,869
Golf and resort shares	**2,941,186,961**	2,921,966,362
	P 135,861,851,519	P 134,493,092,091

Residential and condominium units mainly pertain to the accumulated costs incurred in developing the Group's horizontal and condominium projects and certain integrated-tourism projects.

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Residential and condominium units.

Raw land inventory pertains to properties which the Group intends to develop into residential properties to be held for sale.

Golf and resort shares pertain to proprietary or membership shares (landowner resort shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100 per share.

Prior to the adoption of the IFRS Agenda Decision on PAS 23, borrowing costs capitalized in 2023 as part of inventories amounted to P541.4 million (nil in 2024), which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund its construction projects [see Notes 2.1(b)(i), 15 and 16].

None of the Group's inventories are used as collateral for its interest-bearing loans and borrowings.

Based on management's assessment, there is no allowance for inventory write-down is required to be recognized in 2024, 2023 and 2022; hence, inventories are recorded at cost as at December 31, 2024 and 2023.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2024**	2023
Creditable withholding taxes		**P 4,440,640,711**	P 4,277,169,503
Input VAT		**4,230,465,083**	4,248,890,893
Deferred commission	20.3	**1,969,038,939**	2,086,771,425
Prepaid rent and other prepayments		**1,930,408,116**	1,934,512,986
Derivative asset	30	**359,238,652**	62,038,593
Deposits		**163,920,937**	446,777,052
Others		**389,686,636**	524,236,525
		P 13,483,399,074	P 13,580,396,977

Others include supplies and food and beverage inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at December 31, financial assets at FVOCI is composed of the following:

	Notes	**2024**	2023
Equity securities:			
Quoted	34.2	**P 2,180,760,059**	P 3,123,647,415
Unquoted		**3,230,490,250**	2,266,974,953
	27.4	**P 5,411,250,309**	P 5,390,622,368

The Group's securities are investments from local entities.

The reconciliation of the carrying amount of financial assets at FVOCI is as follows:

	2024	2023
Balance at beginning of year	**P 5,390,622,368**	P 5,253,799,848
Addition	**857,775,000**	-
Translation adjustments	**54,642,854**	35,341,658
Disposal	**(355,519,584)**	-
Fair value gains (losses)	**(536,270,329)**	101,480,862
Balance at end of year	**P 5,411,250,309**	P 5,390,622,368

The quoted equity securities pertain to investments in publicly-listed holding and service companies with fair values determined directly by reference to published prices in the PSE.

Other information about the fair value measurement and disclosures related to the investments in financial assets are presented in Note 34.2.

In 2024, 2023 and 2022, the Group received cash dividends amounting to P80.3 million, P36.5 million and P21.4 million, respectively. The amount of dividends received is presented as Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

10.1 Advances to Landowners and Joint Operators

The Group enters into numerous joint arrangements for the joint development of various projects. These are treated as jointly-controlled operations. The joint arrangements stipulate that the Group's co-operator shall contribute parcels of land while the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of residential and condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Group on these projects are recorded under the Inventories account in the consolidated statements of financial position (see Note 2.6).

The Group also grants noninterest-bearing secured cash advances to a number of landowners and joint operations under agreements they entered into with the landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Group, in addition to providing specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as the relocation of existing occupants.

The total amount of advances made by the Group less repayments, is presented as part of the Advances to Landowners and Joint Operators account in the consolidated statements of financial position.

As at December 31, 2024 and 2023, management has assessed that the advances to joint operations are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

		2024		2023
Total commitment for construction expenditures	**P**	**64,488,899,160**	P	63,640,179,854
Total expenditures incurred		**(34,270,561,027)**		(33,633,489,683)
Net commitment	**P**	**30,218,338,133**	P	30,006,690,171

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2024 and 2023. The listing of the Group's jointly-controlled projects are as follows:
Parent Company:

- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- The Maple Grove
- Vion Tower
- Arden Botanical
- Arden West Park

GERI:
- Alabang West
- Caliraya Spring
- Eastland Heights [formerly: Forest Hills]
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Newport Hills
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- The Hamptons Haliraya
- Sta. Barbara Heights Shophouse District

EELHI:
- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon Projects

SPI:
- Governor's Hills
- Mandara
- Sta. Rosa Heights
- Sta. Rosa Hills
- Sentosa
- Asmara
- One Lakeshore
- Two Lakeshore
- Riva Bella
- Solana
- Gentri Heights
- Fountain Grove
- Palm City
- The Mist Residence

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as at December 31, 2024 and 2023, and income and expenses for years ended December 31, 2024, 2023 and 2022 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint ventures.

As at December 31, 2024 and 2023, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

10.2 Advances from Joint Operators

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint arrangements entered into by the Group.

The advances from golf share partners and lot owners recognized in 2024 and 2023 amounted to P277.2 million and P250.5 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 27.3).

11. INVESTMENTS IN ASSOCIATES

11.1 Breakdown of Carrying Values

The details of investments in associates, accounted for using the equity method, are as follows:

		2024		2023
Acquisition costs:				
SUN	**P**	**2,619,800,008**	P	2,619,800,008
NPI		**734,396,528**		734,396,528
BWDC		**199,212,026**		199,212,026
PTHDC		**64,665,000**		64,665,000
		3,618,073,562		3,618,073,562
Accumulated equity in net losses:				
Balance at beginning of year		**(620,561,549)**		(555,149,548)
Equity share in net losses of associates for the year		**(290,085,568)**		(65,412,001)
Balance at end of year		**(910,647,117)**		(620,561,549)
Accumulated equity in other comprehensive income:				
Balance at beginning of year		**71,910,311**		75,259,188
Share in other comprehensive income (loss) of associates		**34,148,095**		(3,348,877)
Balance at end of year		**106,058,406**		71,910,311
	P	**2,813,484,851**	P	3,069,422,324

The shares of stock of SUN are listed in the PSE which closed at P0.85 and P0.80 per share as at December 31, 2024 and 2023, respectively. The fair values of all other investments in associates are not available as at December 31, 2024 and 2023. The related book values of the Group's holdings in all of the associates exceed or approximate their carrying values; hence, management deemed that the recognition of impairment loss is not necessary.

Investment in SUN

In October 2019, the Parent Company acquired additional 115.0 million shares of SUN at market price, totaling P100.1 million. Subsequently, the Group disposed of a certain number of shares. In December 2019, the Parent Company subscribed to additional P2,177 million shares from SUN at P1.00 par value. The Parent Company paid P1.25 billion out of the P2.20 billion additional subscribed capital, the unpaid portion is presented as Subscription payable. In 2023, the Parent Company paid its subscription payable to SUN in full.

11.2 Summarized Financial Information

The aggregated amounts of assets, liabilities, equity, revenues, net profit (loss), other comprehensive income (loss) of the associates are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2024					
SUN	P 6,385,174,528	P 47,826,261,217	P 1,856,568,754	P 43,796,905,713	P 8,557,961,278
NPI	2,832,943	5,594,585,843	1,248,174,811	-	4,349,243,975
BWDC	369,028,633	2,626,876,387	704,521,319	125,280,185	2,166,103,516
PTHDC	1,135,021,745	-	1,010,865,348	-	124,156,397
	P 7,892,057,489	**P 56,047,723,447**	**P 4,820,130,232**	**P 43,922,185,898**	**P 15,197,465,166**
December 31, 2023					
SUN	P 7,642,889,468	P 37,572,385,833	P 2,037,311,231	P 33,636,653,715	P 9,541,310,355
NPI	2,605,644	5,595,584,398	1,243,127,835	-	4,355,062,207
BWDC	777,488,167	2,116,168,144	834,439,227	64,984,224	1,994,232,860
PTHDC	1,135,127,795	60,591	1,010,586,772	-	124,601,614
	P 9,558,111,074	P 45,284,198,966	P 5,125,465,065	P 33,701,637,939	P 16,015,207,036

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2024			
SUN	P 1,433,726	(P 1,083,784,645)	(P 100,435,570)
NPI	104	(5,194,765)	-
BWDC	244,007,040	171,870,656	-
PTHDC	17,692	(348,626)	-
	P 245,458,562	**(P 917,457,380)**	**(P 100,435,570)**
2023			
SUN	P 99,759	(P 348,051,058)	(P 13,132,855)
NPI	473	(3,263,442)	-
BWDC	211,774,598	116,865,673	-
PTHDC	16,461	(168,602)	-
	P 211,891,291	(P 234,617,429)	(P 13,132,855)
2022			
SUN	P 13,196	(P 557,052,537)	P 24,071,676
NPI	-	-	-
BWDC	150,838,321	73,823,084	-
PTHDC	5,978	(178,880)	-
	P 150,857,495	(P 483,408,333)	P 24,071,676

The reconciliation of the above summarized financial information to the carrying amount of the interest in associates are as follows:

	SUN	BWDC	NPI	PTHDC	Total
2024					
Net asset at end of year	P 8,557,961,278	P 2,166,103,516	P 4,349,243,975	P 124,156,397	P 15,197,465,166
Equity ownership interest	34%	46%	12%	40%	
	2,909,706,835	998,790,332	501,032,906	49,662,559	4,459,192,632
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	(1,905,473,167)	(87,305,678)	-	-	(1,992,778,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	(38,266,834)	-	-	(510,393,202)
Total carrying amount	**P 1,131,685,004**	**P 886,083,013**	**P 731,412,073**	**P 64,304,761**	**P 2,813,484,851**

	SUN	BWDC	NPI	PTHDC	Total
2023					
Net asset at end of year	P 9,541,310,355	P 1,994,232,860	P 4,355,062,207	P 124,601,614	P 16,015,207,036
Equity ownership interest	34%	46%	12%	40%	
	3,244,045,521	919,540,772	501,703,166	49,840,646	4,715,130,105
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	(1,905,493,167)	(87,305,678)	-	-	(1,992,798,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	(38,266,834)	-	-	(510,393,202)
Total carrying amount	P 1,466,003,690	P 806,833,453	P 732,082,333	P 64,482,848	P 3,069,402,324

12. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2024 and 2023 are shown below.

	Land	Buildings	Total
December 31, 2024			
Cost	P 33,742,927,748	P 139,396,159,763	P 173,139,087,511
Accumulated depreciation	-	(26,255,895,614)	(26,255,895,614)
Net carrying amount	**P 33,742,927,748**	**P 113,140,264,149**	**P 146,883,191,897**
December 31, 2023			
Cost	P 29,983,203,130	P 128,457,161,423	P 158,440,364,553
Accumulated depreciation	-	(23,284,815,673)	(23,284,815,673)
Net carrying amount	P 29,983,203,130	P 105,172,345,750	P 135,155,548,880
January 1, 2023			
Cost	P 29,987,225,960	P 118,552,303,984	P 148,539,529,944
Accumulated depreciation	-	(20,437,685,406)	(20,437,685,406)
Net carrying amount	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538

A reconciliation of the carrying amounts at the beginning and end of 2024, 2023 and 2022 of investment properties is shown below.

	Land	Buildings	Total
Balance at January 1, 2024 net of accumulated depreciation	P 29,983,203,130	P 105,172,345,750	P 135,155,548,880
Additions	3,388,262,579	10,852,449,268	14,240,711,847
Transfer from inventories	371,462,039	86,549,072	458,011,111
Depreciation charges for the year	-	(2,971,079,941)	(2,971,079,941)
Balance at December 31, 2024, net of accumulated depreciation	**P 33,742,927,748**	**P 113,140,264,149**	**P 146,883,191,897**
Balance at January 1, 2023, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
Additions	497,371,630	10,359,896,645	10,857,268,275
Transfer to inventories	(501,394,460)	(455,039,206)	(956,433,666)
Depreciation charges for the year	-	(2,847,130,267)	(2,847,130,267)
Balance at December 31, 2023, net of accumulated depreciation	P 29,983,203,130	P 105,172,345,750	P 135,155,548,880
Balance at January 1, 2022, net of accumulated depreciation	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947
Additions	2,400,461,041	9,714,938,191	12,115,399,232
Transfer to property and equipment	-	(503,072,024)	(503,072,024)
Disposal	(832,805)	-	(832,805)
Depreciation charges for the year	-	(2,731,898,812)	(2,731,898,812)
Balance at December 31, 2022, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538

Rental income earned from these properties arising from the Group's operating leases amounted to P19,678.1 million, P17,845.5 million and P15,653.7 million in 2024, 2023 and 2022, respectively, and is shown as Rental Income in the consolidated statements of income. There is no rental income arising from finance lease in 2024, 2023 and 2022. The direct operating costs, exclusive of depreciation incurred by the Group relating to these investment properties amounted to P1,105.2 million in 2024, P1,016.2 million in 2023, and P937.0 million in 2022. On the other hand, the direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2024, 2023 and 2022 amounted to P33.4 million, P28.2 million, and P32.6 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1. Variable lease pertains to rental payments based on percentage of sales of the lessee's business operations.

The rental income from the operating leases of the Group is composed of the following:

	2024	2023	2022
Fixed	**P 18,605,147,474**	P 17,025,278,807	P 15,183,208,932
Variable	**1,072,922,125**	829,187,241	470,519,038
	P 19,678,069,599	P 17,854,466,048	P 15,653,727,970

Borrowing costs that are capitalized as part of investment properties amounted to P3,346.4 million, P2,421.6 million, and P1,383.3 million in 2024, 2023, and 2022, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund their construction projects (see Notes 15 and 16).

Depreciation of investment properties is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

The fair market values of the properties that generated rental income in 2024 and 2023 are P484.5 billion and P481.5 billion as at December 31, 2024 and 2023, respectively, while the fair market value of idle land is P52.6 billion and P55.5 billion as at December 31, 2024 and 2023, respectively. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 34.4.

As at December 31, 2024 and 2023, the Group does not have any contractual commitments for acquisition of investment properties.

None of the Group's investment properties are used as collateral for its interest-bearing loans and borrowings.

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2024 and 2023 are shown below.

	Buildings & Improvement	Furniture, Fixtures, and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
December 31, 2024							
Cost	P 8,651,213,854	P 2,533,033,523	P 670,817,447	P 762,803,366	P 245,672,573	P 573,523,591	P 13,437,064,354
Accumulated depreciation and amortization	(2,662,466,196)	(2,025,209,147)	(540,112,855)	(627,474,827)	-	(387,789,707)	(6,243,052,732)
Net carrying amount	**P 5,988,747,658**	**P 507,824,376**	**P 130,704,592**	**P 135,328,539**	**P 245,672,573**	**P 185,733,884**	**P 7,194,011,622**
December 31, 2023							
Cost	P 8,511,950,486	P 2,352,636,135	P 574,301,053	P 667,293,977	P 245,672,573	P 486,793,141	P 12,838,647,365
Accumulated depreciation and amortization	(2,390,453,076)	(1,775,114,346)	(472,681,812)	(599,479,075)	-	(327,723,758)	(5,565,452,067)
Net carrying amount	P 6,121,497,410	P 577,521,789	P 101,619,241	P 67,814,902	P 245,672,573	P 159,069,383	P 7,273,195,298
January 1, 2023							
Cost	P 8,124,859,537	P 2,102,841,166	P 550,897,630	P 625,069,481	P 245,672,573	P 486,793,141	P 12,136,133,528
Accumulated depreciation and amortization	(2,081,008,650)	(1,580,869,769)	(405,958,248)	(570,229,582)	-	(301,156,695)	(4,939,222,944)
Net carrying amount	P 6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584

A reconciliation of the carrying amounts at the beginning and end of 2024, 2023 and 2022, of property and equipment is shown below.

	Buildings & Improvement	Furniture, Fixtures, and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 6,121,497,410	P 577,521,789	P 101,619,241	P 67,814,902	P 245,672,573	P 159,069,383	P 7,273,195,298
Additions	139,263,368	193,377,849	96,516,394	112,147,583	-	86,730,450	628,035,644
Disposals	-	(12,980,461)	-	(16,638,194)	-	-	(29,618,655)
Depreciation charges for the year	(272,013,120)	(250,094,801)	(67,431,043)	(27,995,752)	-	(60,065,949)	(677,600,665)
Balance at December 31, 2024, net of accumulated depreciation	**P 5,988,747,658**	**P 507,824,376**	**P 130,704,592**	**P 135,328,539**	**P 245,672,573**	**P 185,733,884**	**P 7,194,011,622**
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
Additions	387,090,949	278,118,891	27,064,086	42,603,961	-	-	734,877,887
Disposals	-	(28,323,922)	(3,660,663)	(379,464)	-	-	(32,364,049)
Depreciation charges for the year	(309,444,426)	(194,244,577)	(66,723,564)	(29,249,494)	-	(26,567,063)	(626,229,124)
Balance at December 31, 2023, net of accumulated depreciation	P 6,121,497,410	P 577,521,789	P 101,619,241	P 67,814,902	P 245,672,573	P 159,069,383	P 7,273,195,298
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,573	P 212,220,296	P 6,530,887,796
Additions	239,117,618	351,338,233	86,571,155	56,054,796	-	-	733,081,802
Transfers from Investment Property	503,072,024	-	-	-	-	-	503,072,024
Disposals	-	(20,992,459)	(1,000,487)	(7,315,911)	-	-	(29,308,857)
Depreciation charges for the year	(250,505,916)	(175,902,578)	(47,101,421)	(40,728,416)	-	(26,583,850)	(540,822,181)
Balance at December 31, 2022, net of accumulated depreciation	P 6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the statement of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2024					
Offices	**7**	**1 – 12 years**	**2 years**	**3**	**1**
Commercial lot	**4**	**1 – 24 years**	**14 years**	**2**	**1**
2023					
Offices	6	1 – 12 years	3 years	3	1
Commercial lot	4	1 – 24 years	15 years	2	1

The breakdown of the Group's right-of-use assets as at December 31, 2024 and 2023 and the movements during the years are shown below.

	Offices	Commercial Lot	Total
Balance at January 1, 2024	P 4,474,726	P 154,594,657	P 159,069,383
Additions	86,730,450	-	86,730,450
Depreciation and amortization	(37,025,529)	(23,040,420)	(60,065,949)
Balance at December 31, 2024	**P 54,179,647**	**P 131,554,237**	**P 185,733,884**
Balance at January 1, 2023			
Depreciation and amortization	P 7,979,187	P 177,657,259	P 185,636,446
	(3,504,461)	(23,062,602)	(26,567,063)
Balance at December 31, 2023	P 4,474,726	P 154,594,657	P 159,069,383
Balance at January 1, 2022			
Depreciation and amortization	P 11,501,347	P 200,718,949	P 212,220,296
	(3,522,160)	(23,061,690)	(26,583,850)
Balance at December 31, 2022	P 7,979,187	P 177,657,259	P 185,636,446

As at December 31, 2024 and 2023, the Group does not have any contractual commitments for acquisition of property and equipment.

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

14. OTHER NON-CURRENT ASSETS

This account consists of:

	Note	2024	2023
Goodwill – net		**P 1,307,776,964**	P 1,385,124,597
Guarantee and other deposits		**1,059,801,252**	890,420,128
Deferred commission	20.3	**158,215,084**	310,502,008
Leasehold rights – net		**69,652,166**	76,617,383
Miscellaneous		**359,117,597**	260,662,908
		P 2,954,563,063	P 2,923,327,024

Goodwill primarily relates to growth expectations arising from operational efficiencies that will be achieved by combining the resources, skills and expertise of the Parent Company and its subsidiaries. Significant portion of the total goodwill is allocated to GERI, MLI, and STLI amounting to P947.1 million, P255.1 million and P94.9 million, respectively. The remaining P10.7 million is allocated to other subsidiaries.

The recoverable amounts of the cash generating units assigned to GERI, MLI and STLI are P89.1 billion, P1.4 billion and P4.3 billion, respectively, at end of 2024 and P83.9 billion, P565.6 million and P5.6 billion, respectively, at end of 2023. These were computed using cash flows projections covering a five-year period and extrapolating cash flows using a conservative steady growth rate of 3.0% in both 2024 and 2023. The aggregate recoverable amounts of the cash generating units assigned to other subsidiaries is P150.2 million and P100.3 million in 2024 and 2023, respectively, while the average growth rate used in extrapolating cash flows covering five-year projections is 5%. The average discount rates applied in determining the present value of future cash flows is 7.2% in 2024 and 6.8% in 2023.

The discount rates and growth rates are the key assumptions used by management in determining the value in use of the cash generating units. Based on management's analysis, no impairment is required to be recognized on goodwill. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying value of the cash generating units to exceed their respective value in use.

Goodwill is subject to annual impairment testing while leasehold rights is subject to testing whenever there is an indication of impairment. In 2024, an impairment loss amounting to P77.3 million on goodwill was recognized in relation to EELHI's goodwill on LBASSI which is presented as part of Impairment and other losses under Interest and Other Charges in the 2024 consolidated statement of income.

Leasehold rights represent separately identifiable assets recognized from the acquisition of GPARC and is amortized over a period of 20 years. Leasehold rights amortization amounted to P7.0 million each in 2024, 2023 and 2022, and is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 22).

Guarantee deposits mainly pertain to payments made for compliance with construction requirements in relation to the Group's real estate projects.

Miscellaneous assets include certain intangible and other assets, which are expected to be realized for more than 12 months from the end of the reporting periods.

15. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings account represents the following loans of the Group as at December 31:

	2024	2023
Parent Company:		
Php-denominated	**P 48,245,164,379**	P 37,290,817,319
U.S. dollar-denominated	**20,523,591,910**	12,043,982,455
	68,768,756,289	49,334,799,774
Subsidiaries –		
Php-denominated	**21,224,754,742**	22,445,516,444
	P 89,993,511,031	P 71,780,316,218

The current and non-current classification of the Group's Interest-bearing loans and borrowings is shown below.

	2024	2023
Current	**P 21,405,997,726**	P 16,625,470,088
Non-current	**68,587,513,305**	55,154,846,130
	P 89,993,511,031	P 71,780,316,218

The Group is required to maintain certain financial ratios to comply with its debt covenants with local banks. These include debt to equity ratio, current ratio and debt service coverage ratio. The Group is compliant with its debt covenants.

Finance costs arising from interest-bearing loans that are mainly and directly attributable to construction of the Group's projects are capitalized as part of Inventories (as of December 31, 2023) and Investment Properties accounts. The remaining interest costs are expensed outright.

The total finance costs attributable to all the loans of the Group amounted to P5,265.7 million, P3,774.9 million and P2,104.2 million in 2024, 2023 and 2022, respectively. Of these amounts, portion charged as expense amounted to P2,275.1 million, P1,454.1 million and P833.9 million in 2024, 2023 and 2022, respectively, and are presented as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 24). Interest capitalized in 2024, 2023 and 2022 amounted to P2,990.6 million, P2,320.7 million and P1,270.3 million, respectively. The outstanding interest payable as at December 31, 2024 and 2023 is presented as part of Accrued Interests under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The capitalization rates used in determining the amount of interest charges qualified for capitalization to Investment Properties – net in 2024, 2023 and 2022 and Inventories in 2023 and 2022 are 3.79%, 3.23% and 3.11% in 2024, 2023 and 2022, respectively.

The reconciliation of the unamortized loans issue costs is presented below.

	2024	2023	2022
Balance at beginning of year	**P 312,923,008**	P 153,325,001	P 151,754,133
Additions	**258,743,291**	242,727,000	75,000,000
Amortization	**(175,957,411)**	(83,128,993)	(73,429,132)
Balance at end of the year	**P 395,708,888**	P 312,923,008	P 153,325,001

The amortization of loans issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

15.1 Parent Company

(a) U.S. Dollar, five-year loan due 2024

In September 2019, the Parent Company obtained an unsecured long-term loan from a local bank amounting to U.S. $95.62 million. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and a floating interest is paid quarterly based on a 3-month LIBOR plus a certain spread. The Parent Company entered into across-currency swap transaction to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 30). In 2024, the Parent Company paid in full its outstanding loan balance.

(b) *Philippine Peso, five-year loan due 2024*

In December 2019, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in December 2020 and interest is paid quarterly based on the higher of 4.75% fixed rate and floating rate plus certain spread. The interest rate is subject for review beginning on the fourth year. In 2024, the Parent Company fully paid its outstanding balance.

(c) *Philippine Peso, five-year loan due 2025*

In March 2020, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in June 2022 and a floating interest is paid quarterly based on a 5-day average reference rate plus a certain spread.

(d) *Philippine Peso, five-year loan due 2026*

In March 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in March 2022. Interest on the loan is fixed at 4.00% payable quarterly.

(e) *Philippine Peso, five-year loan due 2026*

In May 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P6.0 billion. The loan is payable quarterly beginning August 2022. The interest is payable quarterly at a floating rate.

(f) *Philippine Peso, five-year loan due 2026*

In August 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(g) *Philippine Peso, five-year loan due 2027*

In September 2022, the Parent Company obtained an unsecured P10.0 billion loan from a local bank. Principal is payable in quarterly installments at the end of the 5th quarter from the drawdown date. The loan is payable quarterly beginning December 2023. The interest is payable quarterly at a floating rate.

(h) Philippine Peso, five-year loan due 2028

In March 2023, the Parent Company obtained a loan of P5.0 billion from a local bank. Principal of the loan is payable quarterly starting from the drawdown date for a period of five years. Interest on the loan is payable semi-annually for the first 184 days with 6.35% per annum inclusive of gross receipt tax which is subject to semi-annual repricing interest rate. The loan is payable quarterly for a term of five years with the first principal payment due in June 2024. The interest is payable semi-annually at a floating rate.

(i) Philippine Peso, five-year loan due 2028

In June 2023, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P10.0 billion, divided equally into two tranches. The two tranches were availed in June and November 2023, respectively. The loan is payable quarterly for a term of five years with a twelve-month grace period. Interest in the loan is payable quarterly on a floating rate.

(j) U.S Dollar, five-year loan due 2028

In April 2023, the Parent Company obtained an unsecured long-term loan from a local bank amounting to $200.0 million. The loan shall be paid in sixteen equal or nearly equal consecutive installments commencing at the end of the fifth quarter from the date of borrowing on a repayment date. Each installment shall be paid on a repayment date with fixed interest rate of 4.64%.

(k) U.S Dollar, five-year loan due 2029

In March 2024, the Company obtained an unsecured long-term loan from a local bank amounting to $180.5 million. The loan is payable quarterly for a term of five years with the first principal payment due in June 2025. The interest is payable quarterly at a fixed rate. The Company entered a cross-currency swap to hedge the US Dollar exchange rate, and a fixed-to-floating interest rate swap based on a 3-month BVAL reference rate plus a certain spread (see Note 30).

(l) Philippine Peso five year loan due 2029

In March 2024, the Company obtained an unsecured long-term loan from a local bank amounting to P10.0 billion, divided equally into two tranches, which the Company fully availed in 2024. The loan is payable quarterly for a term of five years with the first principal payment due in March 2025. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(m) Philippine Peso seven-year loan due 2031

In November 2024, the Company obtained an unsecured long-term loan from a local bank amounting to P4.0 billion. The loan is payable quarterly for a term of seven years with the first principal payment due in February 2027. Interest is payable semi-annually at a floating rate based on a reference rate plus a certain spread.

(n) Philippine Peso seven-year loan due 2031

In December 2024, the Company obtained an unsecured long-term loan from a local bank amounting to P9.0 billion. The loan is payable quarterly for a term of seven years with the first principal payment due in December 2025. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

15.2 EELHI

Philippine Peso, seven-year loan due in 2028

In 2021, EELHI obtained an unsecured interest-bearing, seven-year, P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate of 3.5% per annum. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.

15.3 SPI

(a) Philippine Peso, five-year loan due in 2025

In 2018, SPI obtained an unsecured long-term loan from a local bank amounting to P2.2 billion. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loan bears 4.50% floating interest subject to repricing every 30 to 180 days and will mature in 2025. The proceeds of the loan were used to fund the acquisition of STLI in 2018.

(b) Philippine peso, seven-year loan due in 2027

In 2020, SPI obtained an unsecured long-term loan from a local bank amounting to P300.0 million. The loan bears fixed interest of 4.50%. The principal amount is payable on a monthly basis after a grace period of two years from the date of availment.

(c) Philippine Peso, various six-year loans due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P400.0 million and P200.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bear fixed interest rates of 4.38% and 4.50%, respectively.

(d) Philippine Peso, six-year loan due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P100.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bears floating interest rate of 4.38% subject to quarterly repricing.

(e) Philippine Peso, seven-year loan due in 2029

In 2022, SPI obtained an unsecured long-term loan from a local bank amounting to P500.0 million. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 5%.

(f) Philippine Peso, various six-year loan due in 2029

In 2023, SPI obtained two unsecured long-term loans from a local bank amounting to P1.0 billion and P0.5 billion. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 7.13% for both loans.

(g) Philippine Peso, liability on assigned receivables

In 2023 and prior years, SPI obtained various loans from a local bank through assignment of trade receivables with recourse (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans bear floating interests ranging from 5.50% to 15.00%. The loans and interests are being paid as the receivables are collected. The outstanding balance pertaining to these loans as at December 31, 2024 and 2023 amounted to P0.1 billion and P0.3 billion, respectively.

The assigned trade receivables have an average term between 10 to 15 years and bear interests between 10% to 15%. The carrying value of assigned receivables is equal to the outstanding balance of the loan as at December 31, 2024 and 2023 and none were found to be impaired.

15.4 GERI

(a) Philippine Peso, five-year loan due 2024

In 2019, GERI obtained an unsecured long-term loan from a local bank amounting to P2.0 billion, payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears. In 2024, GERI has paid in full its outstanding loan balance.

(b) Philippine Peso, five-year loan due 2027

In December 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating interest rate and is payable quarterly in arrears.

(c) Philippine Peso, seven-year loan due 2027

In March 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of two years upon availment. The loan bears a floating interest rate and is payable quarterly in arrears.

(d) Philippine Peso, four-year loan due 2025

In July 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of four years commencing at the beginning of the fifth quarter from the date of availment. The loan bears a fixed interest rate of 5.37% and is payable quarterly in arrears.

(e) Philippine Peso, five-year loan due 2025

In September 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years commencing on the beginning of the ninth quarter from the date of availment. The loan bears a fixed interest rate of 5.26% and is payable quarterly in arrears.

(f) Philippine Peso, five-year loan due 2028

In May 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(g) Philippine Peso, five-year loan due 2028

In October 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(h) Philippine Peso, five-year loan due 2028

In December 2023, GERI obtained an unsecured long-term loan facility from a local bank amounting to P2.0 billion, in which P1.5 billion have already been availed as at period date. The loan is payable quarterly for a term of five years, bears a floating interest rate and is payable quarterly in arrears.

(i) Philippine Peso, four-year loan due 2028

In April 2024, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of five years, bears a floating interest rate and is payable quarterly in arrears.

(j) Philippine Peso, seven-year loan due 2031

In October 2024, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of seven years, bears a floating interest rate and is payable quarterly in arrears.

15.5 TLC

(a) Philippine Peso, five-year loan due 2024

In August and November 2019, TLC obtained an unsecured and interest-bearing loans from a local commercial bank amounting to P300.0 million and P200.0 million, respectively, for funding requirements of the construction of a project. The loans bear floating interest rates and are payable in quarterly installments commencing in November 2020 until the loans are fully settled.

In March 2020, TLC obtained additional interest-bearing loan amounting to P500.0 million. The loans bear floating interest rates ranging from 5.0% to 5.3% subject to 30 to 180 days repricing. The loans are payable in quarterly installments beginning November 2020 and are fully settled in 2024.

(b) Philippine Peso, five-year loan due 2028

In June 2023, TLC obtained unsecured interest-bearing loans from a local commercial bank amounting to P1.5 billion to finance capital expenditure related to various on-going real estate development projects. The loan bears a floating interest rates with a floor rate of 6.75%. Quarterly installments commencing at the 5th quarter from the date of the initial drawdown.

15.6 MREIT

Philippine Peso, ten-year loan due 2031

In December 2021, MREIT obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties from the Parent Company. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing in December 2024.

15.7 MBPHI

Philippine Peso, five-year loan due 2028

In 2023, MBPHI obtained an unsecured long-term peso loan from a local commercial bank to support its funding requirements of the construction of various projects, which amounted to P 3.0 billion. The principal amount is payable equal quarterly amortization over the next four years after a grace period of one year. The loan bears a floating interest rate.

16. BONDS AND NOTES PAYABLE

This account is composed of the following:

	2024	2023
Philippine peso	**P -**	P 11,997,992,546
U.S. dollar	**20,049,554,649**	19,116,598,705
	P 20,049,554,649	P 31,114,591,251

The current and non-current classification of the Group's Bonds and Notes Payable is shown below.

	2024	2023
Current	**P -**	P 11,997,992,546
Non-current	**20,049,554,649**	19,116,598,705
	P 20,049,554,649	P 31,114,591,251

(a) U.S. Dollar, seven-year senior unsecured notes due 2027

On July 30, 2020, the Parent Company issued seven-year senior unsecured notes totaling to U.S. $350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes shall mature on July 30, 2027. The notes are listed in the Singapore Exchange Securities Trading Limited (SGX-ST).

(b) Philippine Peso, seven-year bonds due 2024

On March 28, 2017, the Parent Company issued seven-year term bonds totaling P12.0 billion. The bond carries a coupon rate of 5.35% payable semi-annually in arrears every March 28 and September 28. The bonds matured on March 28, 2024. The bonds are listed Philippine Dealing & Exchange Corp. (PDEx).

(c) U.S. Dollar, ten-year bonds due 2023

On April 17, 2013, the Parent Company issued ten-year term bonds totaling U.S. $250 million. The bond carries a coupon rate of 4.25% per annum and interest is payable semi-annually in arrears every April 17 and October 17. The proceeds of the bond issuance are being used by the Parent Company for general corporate purposes. The bonds are listed in the SGX-ST. In 2023, the Parent Company has paid in full its outstanding balance.

The Parent Company has complied with bond covenants including maintenance of required net debt to equity ratio at the end of reporting period.

The total interest incurred on these bonds amounted to P1,090.3 million, P1,692.7 million and P2,139.4 million in 2024, 2023 and 2022, respectively. Of these amounts, the portion charged as expense amounted to P734.5 million, P954.7 million and P1,209.5 million in 2024, 2023 and 2022, respectively, and are presented as part of Interest expense under Interest and Other Charges account in the consolidated statements of income (see Note 24). The outstanding interest payable as at December 31, 2024 and 2023 is presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Unrealized foreign currency gains in relation to these foreign bonds are presented as part of Foreign currency gains – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

Interest capitalized amounted to P355.8 million, P642.3 million and P840.2 million in 2024, 2023 and 2022, respectively. Capitalization rates used to determine the amount of interest charges qualified for capitalization to Investment Properties – net in 2024, 2023 and 2022 and Inventories in 2023 and 2022 are 3.55% in 2024, 2.98% in 2023 and 3.89% in 2022.

The reconciliation of the unamortized bonds issue costs is presented below.

	2024	2023	2022
Balance at beginning of year	**P 271,840,029**	P 367,603,203	P 457,320,770
Amortization	**(90,152,299)**	(95,763,174)	(89,717,567)
Balance at end of year	**P 181,687,730**	P 271,840,029	P 367,603,203

The amortization of bonds issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2024**	2023
Trade payables		**P 18,937,046,859**	P 16,702,654,130
Retention payable		**5,855,293,275**	5,787,205,813
Refund liability		**1,834,817,397**	1,798,517,011
Accrued interest	15, 16	**792,574,114**	877,966,708
Miscellaneous		**1,413,051,700**	1,227,660,915
		P 28,832,783,345	P 26,394,004,577

Trade payables mainly represent obligations to subcontractors and suppliers of construction materials for the Group's projects.

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are returned to the contractors. The non-current portion of Retention payable is presented as under Other Non-Current Liabilities in the consolidated statements of financial position (see Note 19).

Refund liability pertains to amounts payable to customers due to sales cancellation in respect of installment sales contracts as covered by the R.A. No. 6552, *Realty Installment Buyer Protection Act,* otherwise known as the Maceda Law.

Miscellaneous payables include withholding taxes payable and accrual of salaries, wages and utilities.

18. REDEEMABLE PREFERRED SHARES

On September 4, 2012, TLC's BOD approved the additional subscriptions to 1,258.0 million preferred shares out of TLC's authorized capital stock as partial payment for certain parcels of land with total fair value of P1,338.2 million. The SEC approved the issuance through the exchange of certain parcels of land on April 17, 2013.

Generally non-voting, these preferred shares earn dividends at a fixed annual rate of 2.5% subject to the existence of TLC's unrestricted retained earnings. The preferred shares have a maturity of 10 years and shall be redeemed on every anniversary date beginning on the sixth anniversary date until expiration of the ten-year period. Only 1/5 of the aggregate face value of preferred shares may be redeemed per year during such redemption period, with all remaining shares to be redeemed on the 10th anniversary date.

All preferred shares were redeemed in full in 2022. The related interest expense recognized amounting to P11.1 million in 2022 (nil in 2024 and 2023) is presented as part of Interest expense under the Interest and Other Charges – Net account in the 2022 consolidated statement of income (see Note 24).

19. OTHER LIABILITIES

This account consists of:

	Note	**2024**	2023
Current:			
Unearned income		**P 3,957,932,912**	P 3,514,353,439
Advances from customer		**2,302,062,430**	2,305,827,573
Commission payable		**2,301,575,916**	1,807,973,948
Lease liabilities		**10,413,089**	38,638,823
Other payables		**646,396,940**	1,170,552,108
		9,218,381,287	8,837,345,891
Non-current:			
Deferred rent – net		**3,454,076,214**	2,715,015,663
Retention payable	17	**1,772,618,984**	1,917,882,592
Lease liabilities		**526,522,595**	453,412,304
Other payables		**160,925,081**	888,839,321
		5,914,142,874	5,975,149,880
		P 15,132,524,161	P 14,812,495,771

Unearned income includes the current portion of deferred rent and advance payment for other services.

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Other current payables mainly pertain to guest deposits from hotels and due to unit owners. Other non-current payables include certain liabilities to various counterparties within the ordinary course of business, which are expected to be settled beyond 12 months from the end of the reporting periods.

The total cash outflows relating to lease liabilities for the years ended December 31, 2024 and 2023 are shown below:

	Note	**2024**	2023
Principal of lease liability		**P 46,186,820**	P 21,406,494
Interest on lease liability	24	**40,349,443**	37,792,646
		P 86,536,263	P 59,199,140

The maturity analysis of lease liabilities as at December 31 is presented as follows:

	Lease Payment	**Finance Charges**	**Net Present Value**
2024			
Within one year	P 50,762,532	(P 40,349,443)	P 10,413,089
After one year but not more than two years	71,931,225	(38,395,661)	33,535,564
After two years but not more than three years	70,907,882	(36,414,454)	34,493,428
After three years but not more than four years	74,705,217	(34,235,295)	40,469,922
After four years but not more than five years	41,220,207	(32,588,631)	8,631,576
More than five years	742,491,061	(333,098,956)	409,392,105
Net carrying amount	**P 1,052,018,124**	**(P 515,082,440)**	**P 536,935,684**
2023			
Within one year	P 77,555,288	(P 38,916,465)	P 38,638,823
After one year but not more than two years	53,384,598	(36,681,883)	16,702,715
After two years but not more than three years	54,566,197	(34,882,487)	19,683,710
After three years but not more than four years	54,665,429	(32,964,810)	21,700,619
After four years but not more than five years	60,304,272	(31,722,948)	28,581,324
More than five years	710,613,250	(343,869,314)	366,743,936
Net carrying amount	P 1,011,089,034	(P 519,037,907)	P 492,051,127

The Group has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short term leases amounting to P261.0 million, P134.2 million and P177.3 million in 2024, 2023 and 2022, respectively, presented as Rent under Operating Expenses under Cost and Expenses in the consolidated statements of income (see Note 22).

20. REVENUES

20.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and hotel operations. An analysis of the Group's major sources of revenues and the types of products and services is presented below.

	Segments		
	Real Estate	Hotel Operations	Total
2024			
Residential and office units	P 40,046,093,503	P -	P 40,046,093,503
Lots only	10,204,300,514	-	10,204,300,514
Room accommodation	-	3,459,442,986	3,459,442,986
Food and beverages	-	1,435,258,880	1,435,258,880
Other hotel services	-	212,345,534	212,345,534
Revenues from contracts with customers	50,250,394,017	5,107,047,400	55,357,441,417
Interest from significant financing component – net	738,084,069	-	738,084,069
Total	**P 50,988,478,086**	**P 5,107,047,400**	**P 56,095,525,486**
2023			
Residential and office units	P 35,284,062,846	P -	P 35,284,062,846
Lots only	7,437,052,376	-	7,437,052,376
Room accommodation	-	2,438,940,536	2,438,940,536
Food and beverages	-	1,206,195,298	1,206,195,298
Other hotel services	-	161,928,111	161,928,111
Revenues from contracts with customers	P 42,721,115,222	P 3,807,063,945	P 46,528,179,167
2022			
Residential and office units	P 31,476,429,945	P -	P 31,476,429,945
Lots only	5,373,562,660	-	5,373,562,660
Room accommodation	-	1,697,907,158	1,697,907,158
Food and beverages	-	828,253,238	828,253,238
Other hotel services	-	77,549,482	77,549,482
Revenues from contracts with customers	P 36,849,992,605	P 2,603,709,878	P 39,453,702,483

In 2024, relating to the adoption of previously deferred provisions of PFRS 15 on significant financing component, the Group recognized interest from significant financing component on real estate sales contracts amounting to P738.1 million and is presented as part of Real Estate Sales account in the 2024 consolidated statement of income [see Note 2.2(b)].

20.2 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as at December 31 are as follows:

	2024		2023	
	Contract Assets	**Contract Liabilities**	Contract Assets	Contract Liabilities
Balance at beginning of year	**P 25,721,450,330**	**P 7,456,743,395**	P 19,619,923,773	P 8,246,421,530
Effect of restatements [see Note 2.2(b)]	**(1,567,893,026)**	**(244,408,736)**	-	-
As restated	**24,153,557,304**	**7,212,334,659**	19,619,923,773	8,246,421,530
Transfers from contract assets recognized at the beginning of year to trade receivables	**(3,884,617,375)**	**-**	(4,330,225,952)	-
Increase due to satisfaction of performance obligation over time, net of cash collections	**15,012,542,180**	**-**	10,431,752,509	-
Accretion of interest income from significant financing component	**234,310,012**	**-**	-	-
Revenue recognized that was included in contract liability at the beginning of year	**-**	**(2,965,272,658)**	-	(1,220,251,787)
Accretion of interest expense from significant financing component	**-**	**532,456,000**	-	-
Increase due to cash received in excess of performance to date	**-**	**1,804,976,381**	-	430,573,652
Balance at end of year	**P 35,515,792,121**	**P 6,584,494,382**	P 25,721,450,330	P 7,456,743,395

The current and non-current classification of the Group's Contract Assets account as presented in the consolidated statements of financial position is shown below.

	2024	2023
Current	**P 22,818,989,860**	P 16,725,717,102
Non-current	**12,696,802,261**	8,995,733,228
	P 35,515,792,121	P 25,721,450,330

The current and non-current classification of the Group's Contract Liabilities account as presented in the consolidated statements of financial position is shown below.

	2024	2023
Current	**P 1,669,576,401**	P 1,763,382,934
Non-current	**4,914,917,981**	5,693,360,461
	P 6,584,494,382	P 7,456,743,395

The outstanding balance of trade receivables arising from real estate sales and hotel operations presented as part of Trade Receivables under Trade and Other Receivables account in the consolidated statements of financial position, amounted to P38.8 billion and P36.4 billion as at December 31, 2024 and 2023, respectively (see Note 6).

20.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commission under Operating Expenses (see Note 22).

The movements in the balances of deferred commission in 2024 and 2023 is presented below.

	2024	2023
Balance at beginning of year	**P 2,397,273,433**	P 2,997,249,257
Additional capitalized costs net of sales cancellations	**2,165,061,277**	1,443,696,984
Amortization for the year	**(2,435,080,687)**	(2,043,672,808)
Balance at end of year	**P 2,127,254,023**	P 2,397,273,433

Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets, and Other Non-current Asset accounts in the consolidated statements of financial position as shown in below.

	Notes	**2024**	2023
Current	8	**P 1,969,038,939**	P 2,086,771,425
Non-current	14	**158,215,084**	310,502,008
		P 2,127,254,023	P 2,397,273,433

20.4 Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P27.1 billion and P31.3 billion as at December 31, 2024 and 2023, respectively, which the Group expects to recognize as follows:

	2024	2023
Within a year	**P 15,376,785,248**	P 19,043,732,745
More than one year to three years	**8,627,310,877**	8,490,547,169
More than three to five years	**3,140,684,556**	3,754,899,478
	P 27,144,780,681	P 31,289,179,392

21. DIRECT COSTS

21.1 Cost of Real Estate Sales

The nature of the cost of real estate sales for the years ended December 31 are as follows:

	2024	2023	2022
Contracted services	**P 21,452,258,280**	P 17,641,717,864	P 15,157,644,269
Land cost	**3,298,972,977**	2,840,510,272	2,423,993,776
Borrowing cost	**-**	810,171,996	722,695,142
Other costs	**629,890,414**	312,285,008	250,422,205
	P 25,381,121,671	P 21,604,685,140	P 18,554,755,392

21.2 Cost of Hotel Operations

The nature of the cost of hotel operations for the years ended December 31 are as follows:

	Note	**2024**	2023	2022
Salaries and employee benefits	25.1	**P 753,094,722**	P 565,144,533	P 401,131,662
Rent		**597,289,718**	453,268,304	271,757,384
Food and beverage		**510,104,082**	415,911,229	320,804,080
Utilities		**486,145,263**	356,013,260	199,361,040
Hotel operating supplies		**310,384,605**	256,512,988	172,987,985
Outside services		**151,404,736**	44,998,529	47,380,779
Miscellaneous		**157,329,446**	93,927,790	49,028,505
		P2,965,752,572	P 2,185,776,633	P 1,462,451,435

22. OPERATING EXPENSES

Presented below are the details of this account.

	Notes	**2024**	2023	2022
Salaries and employee benefits	25.1	**P 4,966,733,739**	P 4,316,413,028	P 3,462,970,100
Depreciation and amortization	12, 13, 14	**3,655,645,823**	3,480,324,608	3,279,686,211
Commission	20.3	**2,435,080,687**	2,043,672,808	1,782,224,386
Taxes and licenses		**1,547,008,428**	1,197,933,191	1,078,623,548
Outside services		**1,343,648,492**	1,090,409,464	894,576,529
Utilities and supplies		**1,338,336,925**	1,127,498,084	808,326,783
Advertising and promotions		**1,320,296,007**	1,094,882,795	959,749,002
Professional fees		**722,352,722**	697,028,979	616,959,535
Association dues		**679,008,987**	493,227,240	402,711,876
Transportation		**454,711,361**	368,403,510	294,644,206
Rent	19	**261,039,201**	134,276,561	177,257,360
Donation		**131,343,715**	104,414,421	100,524,798
Miscellaneous		**979,724,572**	810,775,606	726,404,822
		P 19,834,930,659	P 16,959,260,295	P 14,584,659,156

Miscellaneous operating expenses include repairs and maintenance, insurance expense, and training and development expense.

23. INTEREST AND OTHER INCOME

Presented below are the details of this account.

	Notes	2024	2023	2022
Interest income	5, 6, 27.1	**P 3,100,666,819**	P 3,670,393,006	P 2,942,288,364
Property management, commission and construction income		**2,444,212,541**	1,118,911,091	1,049,617,328
Dividend income	9, 27.4	**80,298,237**	36,495,750	21,420,750
Foreign currency gains - net	5, 15, 16	**-**	257,434,915	-
Miscellaneous – net	6, 30, 31.1(b)	**288,559,884**	262,275,514	406,499,756
		P 5,913,737,481	P 5,345,510,276	P 4,419,826,198

24. INTEREST AND OTHER CHARGES

Presented below are the details of this account.

	Notes	2024	2023	2022
Interest expense	6, 10.2, 15, 16, 18, 25.3	**P 3,050,238,241**	P 2,635,396,341	P 2,258,100,909
Other charges:				
Impairment and other losses	6	**1,614,454,214**	976,656,527	777,544,878
Foreign currency losses – net	15, 16	**1,251,660,636**	-	1,738,714,911
Day one loss	6	**-**	923,414,356	543,289,914
Miscellaneous – net		**424,178,001**	521,245,831	310,466,180
		P 6,340,531,092	P 5,056,713,055	P 5,628,116,792

Impairment and other losses include net losses from backout sales and impairment losses from trade receivables.

Miscellaneous charges pertain to amortization of discounts on security deposits, bank charges and other related fees.

25. EMPLOYEE BENEFITS

25.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	2024	2023	2022
Short-term benefits		**P 5,632,392,987**	P 4,824,606,429	P 3,764,816,906
Employee share option benefit	25.2, 28.6	**10,337,382**	3,586,229	16,372,411
Post-employment benefits	25.3	**77,098,092**	53,364,903	82,912,445
		P 5,719,828,461	P 4,881,557,561	P 3,864,101,762

Salaries and employee benefits are presented in the statements of income as follows.

	Notes	**2024**	2023	2022
Cost of hotel operations	21.2	**P 753,094,722**	P 565,144,533	P 401,131,662
Operating expenses	22	**4,966,733,739**	4,316,413,028	3,462,970,100
		P 5,719,828,461	P 4,881,557,561	P 3,864,101,762

25.2 Employee Share Option Plan (ESOP)

The Group's share option benefit expense includes the amounts recognized by the Parent Company and GERI over the vesting period granted by them. As at December 31, 2024 and 2023, all 400.0 million shares of GERI's options were fully vested, but none of these have been exercised by any of the option holders.

As at December 31, 2024 and 2023, and 2022, 45.0 million, 35.0 million and 20.0 million, respectively, of the Parent Company's shares options were fully vested.

Employee option benefits expense, included as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income, amounted to P10.3 million, P3.6 million and P16.4 million in 2024, 2023 and 2022, respectively (see Note 25.1).

25.3 Post-employment Defined Benefit Plan

(a) Characteristics of Defined Benefit Plan

The Group maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by trustee banks. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of plan salary for every year of credited service, but shall not be less than the regulatory benefit under R.A. 7641, *The Retirement Pay Law,* or the applicable retirement law at the time of the member's retirement.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2024 and 2023.

The amounts of retirement benefit obligation, presented as non-current liability in the consolidated statements of financial position, are as follows:

	2024	2023
Present value of the obligation	**P 1,422,520,196**	P 1,288,064,758
Fair value of plan assets	**(552,578,802)**	(669,858,761)
Net defined benefit liability	**P 869,941,394**	P 618,205,997

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

		2024		2023
Balance at beginning of year	**P**	**1,288,064,758**	P	972,939,970
Interest costs		**80,390,299**		61,162,432
Current service costs		**77,098,092**		53,364,903
Remeasurements -				
Actuarial gains arising from changes in:				
Financial assumptions		**23,463,906**		244,515,099
Experience adjustments		**156,290,836**		16,007,819
Benefits paid		**(202,787,695)**		(59,925,465)
Balance at end of year	**P**	**1,422,520,196**	P	1,288,064,758

The movements in the fair value of plan assets are presented below.

		2024		2023
Balance at beginning of year	**P**	**669,858,761**	P	623,365,103
Interest income		**39,754,995**		95,953,356
Contribution received		**27,250,000**		24,455,493
Benefits paid		**(180,520,568)**		(65,586,664)
Loss on plan assets (excluding amount included in net interest cost)		**(3,764,386)**		(8,328,527)
Balance at end of year	**P**	**552,578,802**	P	669,858,761

The fair value of plan assets is composed of the following (in millions):

		2024		2023
Cash and cash equivalents	**P**	**473.3**	P	537.7
Investment in marketable securities				
Equity securities		**32.4**		30.1
Debt securities		**46.9**		102.1
	P	**552.6**	P	669.9

Debt securities pertain to corporate and government securities while equity securities consist of investments in publicly listed corporations.

As at December 31, 2024 and 2023, the funds include investments in securities of its related parties (see Note 27).

The plan assets include investments in debt securities issued by entities within the Group with carrying amount and fair value as at December 31, 2024 of P46.9 million and P45.8 million, respectively, while the carrying amount and fair value as at December 31, 2023 amounted to P101.7 million and P102.1 million, respectively. Unrealized fair value losses on these securities as at December 31, 2024 and 2023 amounted to P0.7 million and P0.9 million, respectively.

The plan assets include investments in equity securities issued by entities within the Group with carrying amount and fair value as at December 31, 2024 of P40 million and P33.1 million, respectively, while the carrying amount and fair value as at December 31, 2023 amounted to P40.0 million and P30.1 million, respectively. Unrealized fair value losses on these securities as at December 31, 2024 and 2023 amounted to P6.9 million and P9.4 million, respectively.

The contributions to the retirement plan are made annually by the Group. The amount of contributions to the retirement plan is determined based on the expected benefit payments that the Group will incur within five years.

Actual return on plan assets were P35.8 million, P87.6 million and P34.6 million in 2024, 2023 and 2022, respectively.

The components of amounts recognized in the consolidated statements of income and consolidated statements other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	**2024**	2023	2022
Reported in consolidated statements of income:				
Current service costs	25.1	**P 77,098,092**	P 53,364,903	P 82,912,445
Net interest costs	24	**40,635,304**	13,761,597	24,843,870
		P 117,733,396	P 67,126,500	P 107,756,315
Reported in consolidated statements of comprehensive income:				
Actuarial gains (losses) arising from changes in:				
Experience adjustments		**(P 156,290,836)**	(P 16,007,819)	P 98,910,242
Financial assumptions		**(23,463,906)**	(244,515,099)	139,502,189
Loss on plan assets (excluding amounts included in net interest expense)		**(3,764,386)**	(8,328,527)	(18,776,071)
		(183,519,128)	(268,851,445)	219,636,360
Tax expense (income)	26	**32,067,402**	65,908,044	(55,553,033)
		(P 151,451,726)	(P 202,943,401)	P 164,083,327

Current service costs are presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 22 and 25.1). The net interest costs are included as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 24).

Amounts recognized in consolidated other comprehensive income were included within items that will not be reclassified subsequently to consolidated profit or loss.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	2024	2023	2022
Discount rates	**6.00% - 6.20%**	5.20% - 7.00%	3.60% - 7.54%
Expected rate of salary increases	**3.00% - 7.00%**	3.00% - 10.00%	1.00% - 4.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategies, and the timing and uncertainty of future cash flows related to the retirement plan are shown in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as at December 31, 2024 and 2023:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2024			
Discount rate	**0.50% - 1.00%**	**(P 132,167,835)**	**P 162,515,335**
Salary increase rate	**1.00%**	**134,182,987**	**(112,306,072)**
December 31, 2023			
Discount rate	0.50% - 1.00%	(P 71,022,764)	P 82,919,065
Salary increase rate	1.00%	119,827,903	(104,567,417)

The sensitivity analysis presented in the previous page is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The Group, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategies to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Group's objective is to maintain a level of funding sufficient to cover the projected retirement benefit obligation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk after 20 years when a significant number of employees is expected to retire.

The Group expects to make contributions of P113.3 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2024	2023
Within one year	**P 235,467,167**	P 192,512,528
More than one year to 5 years	**218,285,710**	88,646,511
More than 5 years to 10 years	**892,213,579**	247,762,336
More than 10 years to 15 years	**744,244,632**	511,765,574
More than 15 years to 20 years	**1,675,343,509**	1,060,881,067
More than 20 years	**6,211,311,644**	4,844,855,091
	P 9,976,866,241	P 6,946,423,107

The weighted average duration of the DBO at the end of the reporting period range from 7 to 18 years.

26. TAXES

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group:

- regular corporate income tax (RCIT) rate was reduced from 30% to 20% or 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023 and starting July 1, 2023, the MCIT will return to its previous 2% rate; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

The components of tax expense as reported in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

		2024		2023		2022
Reported in consolidated statements of income:						
Current tax expense:						
Regular corporate income tax (RCIT) at 25%	**P**	**1,814,573,057**	P	1,461,727,558	P	2,543,749,490
Final tax at 15% and 7.5%		**128,892,162**		162,179,213		92,864,680
Minimum corporate income tax (MCIT) at 2.0% in 2024, 1.5% in 2023 and 1% in 2022		**45,691,894**		4,887,056		7,855,985
Application of MCIT		**8,275,818**		-		(6,637,583)
Preferential tax rate		**2,659,690**		4,189,512		4,080,128
		2,000,092,621		1,632,983,339		2,641,912,700
Deferred tax expense relating to –						
Origination and reversal of temporary differences		**3,208,133,614**		2,822,755,525		1,125,645,191
	P	**5,208,226,235**	P	4,455,738,864	P	3,767,557,891
Reported in consolidated statements of comprehensive income –						
Deferred tax expense (income) relating to –						
Origination and reversal of temporary differences	**(P**	**1,624,163)**	(P	45,139,740)	P	90,455,063

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

		2024		2023		2022
Tax on pretax profit at 25%	**P**	**6,718,727,751**	P	5,964,077,092	P	4,785,461,071
Adjustment for income subjected to lower income tax rates		**(25,233,733)**		(68,149,843)		(36,561,436)
Tax effects of:						
Non-taxable income		**(2,368,968,673)**		(2,355,358,056)		(1,467,666,976)
Non-deductible expenses		**643,060,817**		975,073,954		361,822,583
Unrecognized deferred tax assets (liabilities) on temporary differences		**33,171,877**		(4,786,883)		(11,501,508)
Miscellaneous		**207,468,196**		(55,117,400)		136,004,157
	P	**5,208,226,235**	P	4,455,738,864	P	3,767,557,891

The deferred tax assets and liabilities relate to the following as at December 31:

		2024		2023
Deferred tax assets – net:				
NOLCO	**P**	**258,158,602**	P	246,939,798
MCIT		**52,143,551**		46,785,726
Retirement benefit obligation		**31,513,671**		37,583,157
Allowance for impairment of receivables		**8,921,434**		11,919,308
Allowance for property development costs		**7,689,776**		7,689,776
Others		**66,442,533**		61,906,847
	P	**424,869,567**	P	412,824,612
Deferred tax liabilities – net:				
Uncollected gross profit	**P**	**9,990,405,340**	P	8,871,116,571
Capitalized interest		**5,330,136,352**		4,724,790,047
Difference between the tax reporting base and financial reporting base of rental income		**1,428,524,379**		994,723,091
Unrealized foreign currency losses – net		**(923,100,266)**		(613,505,275)
Retirement benefit obligation		**(181,831,105)**		(87,943,703)
Bond issuance costs		**133,479,451**		114,788,964
Share options		**(58,474,787)**		(55,890,442)
Uncollected rental income		**35,255,544**		69,409,723
Others		**130,600,429**		570,024,001
	P	**15,884,995,337**	P	14,587,512,527

No deferred tax liability has been recognized on the accumulated equity in net earnings of associates. The Group has no liability for tax should the amounts be declared as dividends since dividend income received from domestic corporation is not subject to income tax.

Some of the entities within the Group are subject to MCIT which is computed at 2% in 2024 and 1.5% in 2023 of gross income, net of allowable deductions as defined under the tax regulations.

The details of the Group's MCIT that are valid and deductible from future taxable income are as follows:

Year		Original Amount	Valid Until
2024	P	21,278,768	2027
2023		15,626,138	2026
2022		14,584,217	2025
2021		17,464,096	2026
	P	68,953,219	

The details of the Group's NOLCO that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2024	P 209,190,923	2027
2023	102,362,581	2026
2022	241,844,778	2025
2021	156,313,788	2026
2020	80,505,896	2025
	P 790,217,966	

Certain subsidiaries within the Group did not recognize the deferred tax assets on their MCIT and NOLCO as realization of such amounts is uncertain.

Except for certain subsidiaries, management has assessed that the net losses incurred, as well as the related NOLCO, can be recovered through future operations and are not significant to the overall financial condition and financial performance of the Group.

In 2024, 2023 and 2022, the Group opted to continue claiming itemized deductions, except for MDC, LFI, and MCTI, which opted to use optional standard deduction (OSD) in computing for income tax dues.

MREIT is registered as a real estate investment trust entity under R.A. 9846 which enjoys certain income tax-free incentives, including deductibility of dividend distribution (subject to certain conditions) and exemption from MCIT.

ECOC and SEDI are registered with the Philippine Economic Zone Authority (PEZA) pursuant to Presidential Proclamation No. 191 dated October 6, 1999. As PEZA-registered entities, ECOC and SEDI are entitled to a preferential tax rate of 5% on gross income earned from registered activities, in lieu of all local and national taxes, and to other tax privileges.

SPI's The Regal Homes project has qualified in the definition of socialized housing under Section 3(r) of R.A. 7279, *Urban Development and Housing Act of 1992*. Under Section 20 of R.A. 7279, private sector participating in socialized housing shall be exempted from the payment of project-related income taxes, capital gains tax on raw lands use for the project, VAT for the project concerned, transfer tax for both raw and completed projects, and donor's tax for both lands certified by the local government units to have been donated for socialized housing purposes.

27. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, associates, the Group's key management and other related parties under common ownership as described below.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Parent Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Group's transactions with its related parties as at December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 are as follows:

Related Party Category	Notes	Amount of Transactions			Outstanding Investment/ Receivable (Payable)	
		2024	2023	2022	**2024**	2023
Ultimate Parent Company						
Dividends paid	27.5	**(P 1,275,301,604)**	(P 996,805,764)	(P 887,481,897)	**P -**	P -
Investments in equity securities	27.4	**(654,571,344)**	(97,879,276)	15,786,980	**1,126,200,000**	1,780,771,344
Dividend income	27.4	**12,260,000**	23,680,470	21,413,262	**12,260,000**	23,680,470
Advances granted	27.2	**-**	**-**	**-**	**930,000,000**	930,000,000
Associates:						
Advances granted	27.2	**1,343,736**	383,639	155,104	**1,011,620,312**	1,010,276,576
Subscription payable		**-**	(1,114,655,508)	-	**-**	-
Related Parties Under Common Ownership:						
Reimbursement of construction costs	27.1	**-**	-	-	**3,056,180,769**	3,056,180,769
Advances availed (paid)	27.3	**216,807,652**	(879,566,092)	(1,116,725,533)	**(1,463,852,566)**	(1,247,044,914)
Rendering of services	27.1	**280,662,551**	238,329,478	261,499,284	**267,335,111**	262,845,102
Advances granted (collected)	27.2	**1,547,384,606**	(112,550,636)	1,827,132,491	**5,873,816,090**	4,326,431,484
Dividend income	27.4	**67,077,798**	-	-	**-**	-
Investment in equity securities	27.4	**721,492,387**	207,774,649	(494,554,541)	**4,294,020,590**	3,572,528,203
Key Management Personnel –						
Compensation	27.6	**391,608,121**	370,730,492	377,635,099	**-**	-
Retirement plan						
Investment in equity and debt securities	25.3(b)	**(97,078,614)**	-	-	**33,141,896**	130,220,510

None of the companies within the Group is a joint venture. The Group is not subject to joint control and none of its related parties exercise significant influence over it.

27.1 Real Estate Sales and Rendering of Services to Related Parties

The Group renders services to its related parties on a cost-plus basis, allowing a certain margin agreed upon by the parties at arm's length.

The Group leases some of its investment properties to its associates and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from one to 25 years, with renewal options, and include annual escalation rates of 3% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental Income in the consolidated statements of income (see Note 12). The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Parent Company and a related party under common ownership are parties to a management agreement whereby the former provides management services for the overall administration of the latter's leasing operations for a fee, which is based on certain rates of collections plus commission. Further, there are other management services provided to related parties under common ownership related to management of construction and development activities.

Unless otherwise indicated, the Group's outstanding receivables from related parties arising from the above transactions are unsecured, noninterest-bearing, and collectible in cash under normal credit terms or through offsetting arrangements.

There were no impairment losses recognized on the Group's receivables from related parties in 2024, 2023 and 2022.

In 2018, the Parent Company agreed with a related party under common ownership to turn over a certain property under terms that the related party will reimburse the construction cost incurred by the Parent Company amounting to P4.0 billion (see Note 12). The outstanding balance, which is collectible on demand, interest-bearing and unsecured, amounted to P3.1 billion as at both December 31, 2024 and 2023 and is presented under non-current Other Trade Receivables in the consolidated statements of financial position (see Note 6).

27.2 Advances to Ultimate Parent, Associates and Other Related Parties

The ultimate parent Company, associates and other related parties under common ownership are granted noninterest-bearing, unsecured and collectible on demand advances by the Parent Company and other entities within the Group with no definite repayment terms for working capital purposes. These are generally collectible in cash or through offsetting arrangements with the related parties.

The outstanding balances of Advances to associates and other related parties shown as part of Trade and Other Receivables account under Current Assets section in the consolidated statements of financial position are shown below (see Note 6).

	2024	2023
Advances to ultimate parent company	**P 930,000,000**	P 930,000,000
Advances to associates	**1,011,620,312**	1,010,276,576
Advances to other related parties	**5,873,816,090**	4,326,431,484
	P 7,815,436,402	P 6,266,708,060

The movements in advances to associates are as follows:

	2024	2023
Balance at beginning of year	**P 1,010,276,576**	P 1,009,892,937
Advances granted	**1,343,736**	383,639
Balance at end of year	**P 1,011,620,312**	P 1,010,276,576

The movements in advances to other related parties under common ownership are as follows:

	2024	2023
Balance at beginning of year	**P 4,326,431,484**	P 4,438,982,120
Advances granted	**1,547,384,606**	-
Advances collected	**-**	(112,550,636)
Balance at end of year	**P 5,873,816,090**	P 4,326,431,484

Advances to other related parties pertain to advances granted to entities under common ownership of the Parent Company. No impairment losses on the advances to ultimate parent Company, associates and other related parties were recognized in 2024, 2023 and 2022 based on management's assessment.

27.3 Advances from Other Related Parties

Certain expenses of the entities within the Group are paid by other related parties on behalf of the former. The Group also received cash advances from a certain related party under common ownership, for the development of a certain entertainment site which is an integrated tourism project planned by the Philippine Amusement and Gaming Corporation. The advances are noninterest-bearing, unsecured and with no repayment terms and are generally payable in cash upon demand or through offsetting arrangements with the related parties.

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Advances from Other Related Parties under Current Liabilities Section account in the consolidated statements of financial position.

The movements in advances from other related parties are as follows:

	2024	2023
Balance at beginning of year	**P 1,247,044,914**	P 2,126,611,006
Advances paid	**(136,452,356)**	(1,597,199,347)
Advances availed	**353,260,008**	717,633,255
Balance at end of year	**P 1,463,852,566**	P 1,247,044,914

27.4 Investments in Equity Securities

The Group's equity securities include investment in shares of related parties under common ownership. The fair values of these securities have been determined directly by reference to published prices in an active market, except for the investment in shares of related party under common ownership which was delisted in the stock exchange in 2019 and was subsequently measured using the discounted cash flows valuation technique [see Note 34.2(a)]. Movements and the related fair value gains or losses on these investments are shown and discussed in Note 9. Also, the Group received dividend income from these investments, presented as part of Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

27.5 Dividends Paid to the Ultimate Parent Company

The Ultimate Parent Company received dividends from the Parent Company amounting to P1.3 billion, P1.0 billion and P0.9 billion in 2024, 2023 and 2022, respectively. There were no outstanding liabilities relating to this transaction as of December 31, 2024 and 2023 (see Note 28.4).

27.6 Key Management Personnel Compensation

The Group's key management personnel compensation includes the following:

	2024	2023	2022
Short-term benefits	**P 332,576,000**	P 325,769,489	P 276,491,249
Post-employment benefits	**48,694,739**	41,374,775	84,771,439
Employee share option benefit	**10,337,382**	3,586,228	16,372,411
	P 391,608,121	P 370,730,492	P 377,635,099

27.7 Post-employment Plan

The Group has formal retirement plans established separately for the Parent Company and each of the significant subsidiaries, particularly GERI, EELHI and PHRI. The Group's retirement funds for its post-employment defined benefit plan are administered and managed by trustee banks. The fair value and the composition of the plan assets as at December 31, 2024 and 2023 are presented in Note 25.3.

The Group's transactions with the fund mainly pertain to contribution, benefit payments and interest income. The retirement funds neither provide any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens. The retirement funds include investments in equity and debt securities of the Group (see Note 25.3)

28. EQUITY

Capital stock of the Parent Company consists of:

	Shares			Amount		
	2024	2023	2022	**2024**	2023	2022
Preferred shares Series "A"						
P0.01 par value						
Authorized	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Issued and outstanding	**6,000,000,000**	6,000,000,000	6,000,000,000	**P 60,000,000**	P 60,000,000	P 60,000,000
Common shares – P1 par value						
Authorized	**45,640,000,000**	40,140,000,000	40,140,000,000	**P 45,640,000,000**	P 40,140,000,000	P 40,140,000,000
Issued	**33,745,865,872**	32,370,865,872	32,370,865,872	**P 33,745,865,872**	P 32,370,865,872	P 32,370,865,872
Treasury shares:						
Balance at beginning of year	**(1,187,614,000)**	(885,626,000)	(513,795,000)	**(2,852,655,275)**	(2,184,059,395)	(1,268,862,277)
Acquisitions during the year	**-**	(301,988,000)	(372,831,000)	**-**	(668,595,880)	(916,099,229)
Issuances during the year	**-**	-	1,000,000	**-**	-	902,111
Balance at end of year	**(1,187,614,000)**	(1,187,614,000)	(885,626,000)	**(2,852,655,275)**	(2,852,655,275)	(2,184,059,395)
Issued and outstanding	**32,558,251,872**	31,183,251,872	31,485,239,872	**P 30,893,210,597**	P 29,518,210,597	P 30,186,806,477
Total issued and outstanding shares	**38,558,251,872**	37,183,251,872	37,485,239,872	**P 30,953,210,597**	P 29,578,210,597	P 30,246,806,477

On June 15, 1994, the SEC approved the listing of the Parent Company's common shares totaling 140,333,333. The shares were initially issued at an offer price of P4.80 per common share. As of December 31, 2024, there are 2,360 holders of the listed shares, which closed at P2.05 per share as of that date. As of December 31, 2023, there are 2,379 holders of the listed shares, which closed at P1.97 per share as of that date.

The following also illustrates the additional listings made by the Parent Company (in shares): May 23, 1996 – 1.6 billion; January 8, 1997 – 2.1 billion; November 23, 1998 – 2.0 billion; August 19, 1999 – 3.0 billion; October 12, 2005 – 5.5 billion; November 21, 2006 –10.0 billion and July 17, 2007 – 3.9 billion and 2012 – 3.1 billion. The Parent Company also listed 700.0 million shares in 2013, 300.0 million shares in 2014, and 8.0 million shares in 2015. There were no additional issuance of shares in the succeeding years.

As at December 31, 2022, RHGI holds certain number of the Parent Company's common shares with costs of P515.2 million, which are treated as treasury shares on the Group's consolidated financial statements. On 2023, such shares were reissued and reversed as treasury shares, which resulted to APIC of P333.2 million (see Notes 28.3 and 28.5).

28.1 Preferred Shares Series "A"

The preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable with a par value of P0.01 per share. The shares earn dividends at 1% of par value per annum cumulative from date of issue. Dividends paid on cumulative preferred shares amounted to P0.6 million in 2024, 2023 and 2022 (see Note 28.4).

28.2 Common Shares

On May 23, 2013, the Parent Company's BOD approved a P10.0 billion increase in authorized capital stock (ACS) consisting of 10.0 billion shares with par value of P1.00 per share. On November 20, 2013, the SEC approved the P10.0 billion increase in ACS, of which 2.5 billion shares were subscribed and paid by the Parent Company at a price of P4.29 per share for a total subscription price of P10.7 billion.

In 2009, 5,127,556,725 common shares were subscribed and issued through pre-emptive share rights offering. Moreover, shareholders were given four additional share warrants for every five share rights subscribed. For every share warrant, shareholders can avail of one common share at P1.00 per share.

Relative to the share subscription, 4,102,045,364 share warrants were issued of which 4,101,662,246 warrants were exercised while the remaining 383,118 have expired.

On May 13, 2024, the shareholders have approved the increase in the authorized capital stock of the company from P 40,200,000,000 divided into 40,140,000,000 common shares with par value of P1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of P 0.01per share to P45,700,000,000, divided into 45,640,000,000 common shares with par value of P1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shared with par value of P 0.01 per share. The increase in authorized capital stock is geared towards the growth and expansions prospects of the Company. On July 29, 2024, the SEC approved the increase in authorized capital stock.

On August 1, 2024, the Parent Company issued 1,375.0 million common shares to AGI for a subscription price of P1.90 per share and a total subscription price of P2.6 billion (see Note 28.3). The issued common shares were issued out of the P5.5 billion increase in authorized capital stock of the Parent Company.

28.3 Additional Paid-in Capital

The APIC pertains to the excess of the total proceeds received from the Parent Company's shareholders over the total par value of the common shares. In 2024, APIC amounting to P1.2 billion was recognized from the issuance of shares to AGI (see Note 28.2). In 2023, an additional APIC of P333.2 million was recognized from the transactions with RHGI. In 2022, APIC amounting to P1.9 million, was recognized by the Parent Company from the exercise of 1,000,000 stock options.

28.4 Cash Dividends

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, are as follows:

	2024	2023	2022
Declaration date/date of approval by BOD	**October 21, 2024**	October 13,2023	October 17, 2022
Date of record	**November 5, 2024**	October 27, 2023	October 31, 2022
Date of payment	**November 18, 2024**	November 14, 2023	November 14, 2022
Amounts declared			
Common	**P 2,661,952,254**	P 2,057,959,594	P 1,910,507,946
Preferred	**600,000**	600,000	600,000
	P 2,662,552,254	P 2,058,559,594	P 1,911,107,946
Dividends per share:			
Common	**P 0.08**	P 0.07	P 0.06
Preferred	**P 0.01**	P 0.01	P 0.01

28.5 Treasury Shares

As at December 31, 2022, this account also includes the Parent Company's common shares held and acquired by RHGI which was reissued in 2023.

In 2023, the Parent Company reacquired 302.0 million shares costing P668.6 million. No similar transaction in 2024. The amount of treasury common shares aggregated to P2,852.7 million as at December 31, 2024 and 2023.

The changes in market values of these shares held by RHGI, recognized as fair value gains or losses by the subsidiary, were eliminated in full and not recognized in the 2023 consolidated financial statements.

In 2022, the Parent Company has reissued 1,000,000 treasury shares as a result of exercise of the same number of stock options (see Note 28.6). There was no similar transaction in 2023 and 2024.

A portion of the Parent Company's retained earnings is restricted for dividend declaration up to the cost of treasury shares as at the end of the reporting period.

28.6 ESOP

A total of P10.3 million, P3.6 million and P16.4 million share option benefits expense in 2024, 2023 and 2022, respectively, is recognized and presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 22 and 25.2).

(a) Parent Company

In 2012, the Parent Company's BOD approved and the shareholders adopted an ESOP for the Parent Company's key executive officers.

The options shall generally vest on the 60th birthday and may be exercised up to five years from the date of vesting of the option. In 2022, there is an amendment to the vesting requirements of which the options will now vest on the 60th birthday or the actual retirement of the option holder, whichever is later. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, the Parent Company granted share options to certain key executives to subscribe to 235.0 million common shares of the Parent Company, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20 million common shares of the Parent Company at an exercise price of P2.33 per share. Additional 40 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2019, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2024, 2023 and 2022.

In 2023, 10.0 million share options were forfeited due to resignation of certain key executive officers. There was no forfeiture due to resignation in 2024 and 2022.

In 2024, 2023 and 2022, a total of 10.0 million, 15.0 million and 5.0 million share options have vested, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share in 2022. There was no similar transaction in and 2024 and 2023.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Option life	6.08 to 30.17 years
Share price at grant date	P 2.54 to P 4.08
Exercise price at grant date	P 1.77 to P 3.23
Fair value at grant date	P 0.98 to P 2.15
Average standard deviation of share price return	10.98 %
Average dividend yield	0.82 %
Average risk-free investment rate	3.93 %

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

The Parent Company recognized a total of P10.3 million, P3.6 million and P16.4 million share-based executive compensation in 2024, 2023 and 2022, respectively, as part of Salaries and employee benefits and a corresponding credit in Retained Earnings (see Note 25.2).

(b) GERI

In 2011, the BOD of GERI approved and the stockholders adopted an ESOP for its key executive officers.

Under the ESOP, GERI shall initially reserve for exercise of share options up to 500.0 million common shares of the GERI's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant.

The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The exercise price shall be at a 15% discount from the volume weighted average closing price of the GERI's shares for twelve months immediately preceding the date of grant.

As at December 31, 2024, pursuant to this ESOP, GERI has granted the option to its key company executives to subscribe to 400.0 million shares of GERI. An option holder may exercise in whole or in part his vested option provided that an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as at December 31, 2019, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods.

As at December 31, 2024 and 2023, there are no remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life		7 years
Share price at grant date	P	1.02 to P2.10
Exercise price at grant date	P	1.00 to P1.93
Fair value at grant date	P	0.24 to P2.27
Standard deviation of share price return		12.16% to 57.10%
Risk-free investment rate		2.14% to 2.59%

The underlying expected volatility was determined by reference to historical date of the GERI's shares over a period of time consistent with the option life.

There was no share-based compensation recognized in 2024, 2023 and 2022 since all the options fully vested as at December 31, 2019.

28.7 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI (Note 9)	Retirement Benefit Obligation (Note 25.3)	Translation Reserves (Note 2)	Derivative Financial Instruments (Note 30)	Equity Reserves (Note 1)	Total
Balance as at January 1, 2024	(P 1,611,755,442)	P 489,581,015	(P 239,540,202)	P 3,358,563	P 11,852,577,608	P10,494,221,542
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(183,519,128)	-	-	-	(183,519,128)
Fair value losses on financial assets at FVOCI	(536,270,329)	-	-	-	-	(536,270,329)
Realized loss on sale of financial assets at fair value through other comprehensive income	(117,429,707)	-	-	-	-	(117,429,707)
Fair value gain on cash flow hedge	-	-	-	(55,952,053)	-	(55,952,053)
Share of non-controlling interest	46,911,747	103,257,535	-	-	-	150,169,282
Share in OCI of associates	-	-	34,148,095	-	-	34,148,095
Changes in percentage of ownership	-	-	-	-	2,774,895,670	2,774,895,670
Exchange difference on translating foreign operations	-	-	75,688,819	-	-	75,688,819
Other comprehensive income (loss) before tax	(606,788,289)	(80,261,593)	109,836,914	(55,952,053)	2,774,895,670	2,141,730,650
Tax income (expense)	-	32,067,402	(30,443,239)	-	-	1,624,163
Other comprehensive income (loss) after tax	(606,788,289)	(48,214,191)	79,393,675	(55,952,053)	2,774,895,670	2,143,354,813
Balance as at December 31, 2024	**(P 2,218,543,731)**	**P 441,366,824**	**(P 160,146,527)**	**(P 52,593,491)**	**14,627,473,278**	**P12,637,576,354**
Balance as at January 1, 2023	(P 1,725,993,007)	P 690,094,340	(P 259,538,921)	P 37,604,713	P 8,626,592,277	P 7,368,759,402
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(268,851,445)	-	-	-	(268,851,445)
Fair value losses on financial assets at FVOCI	101,480,862	-	-	-	-	101,480,862
Fair value gain on cash flow hedge	-	-	-	(34,246,150)	-	(34,246,150)
Share of non-controlling interest	12,756,703	2,430,076	-	-	-	15,186,779
Share in OCI of associates	-	-	(3,348,878)	-	-	(3,348,878)
Changes in percentage of ownership	-	-	-	-	3,225,985,331	3,225,985,331
Exchange difference on translating foreign operations	-	-	44,115,901	-	-	44,115,901
Other comprehensive income (loss) before tax	114,237,565	(266,421,369)	40,767,023	(34,246,150)	3,225,985,331	3,080,322,400
Tax income (expense)	-	65,908,044	(20,768,304)	-	-	45,139,740
Other comprehensive income (loss) after tax	114,237,565	(200,513,325)	19,998,719	(34,246,150)	3,225,985,331	3,125,462,140
Balance as at December 31, 2023	(P 1,611,755,442)	P 489,581,015	(P 239,540,202)	P 3,358,563	P 11,852,577,608	P10,494,221,542
Balance as at January 1, 2022	(P 1,144,152,392)	P 536,021,236	(P 337,051,379)	(P 53,542,477)	P 8,626,592,277	P 7,627,867,265
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	219,636,360	-	-	-	219,636,360
Fair value losses on financial assets at FVOCI	(579,783,082)	-	-	-	-	(579,783,082)
Fair value gain on cash flow hedge	-	-	-	91,147,190	-	91,147,190
Share of non-controlling interest	(2,057,533)	(10,010,223)	-	-	-	(12,067,756)
Share in OCI of associates	-	-	6,138,277	-	-	6,138,277
Exchange difference on translating foreign operations	-	-	106,276,211	-	-	106,276,211
Other comprehensive income (loss) before tax	(581,840,615)	209,626,137	112,414,488	91,147,190		(168,652,800)
Tax income (expense)	-	(55,553,033)	(34,902,030)	-	-	(90,455,063)
Other comprehensive income (loss) after tax	(581,840,615)	154,073,104	77,512,458	91,147,190		(259,107,863)
Balance as at December 31, 2022	(P 1,725,993,007)	P 690,094,340	(P 259,538,921)	P 37,604,713	P 8,626,592,277	P 7,368,759,402

In 2021, MREIT offered and sold 949,837,500 shares or 37.51% ownership interest held by the Parent Company, through an initial public offering for P16.10 per share or P14.7 billion. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the proportionate net book value and the consideration received amounting to P10.5 billion is credited to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

Also in 2021, the Parent Company acquired additional shares of PCMI and STLI for P2.0 billion and P1.8 million, respectively. The difference between the proportionate net book value and the consideration received of PCMI and STLI resulted in P1.1 billion debit and P29.6 million credit, respectively, to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

In 2023, the Parent Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. In May and July 2023, the company disposed 279,400,000 common shares with a par value of P1.00 per share with net proceeds of P13.2 billion resulting to a decrease in ownership to 55.63%. The difference between the fair value of the transaction and the adjustment recognized directly in the Parent Company's equity is recorded as part of Equity reserves under Revaluation Resrves in the 2023 consolidated statement of changes in equity.

In April and June 2024, the Parent Company disposed shares through block sales with net proceeds of P1.5 billion, resulting in a reduction of its ownership to 51.33%. Subsequently, in November 2024, the Parent Company expanded its ownership in MREIT to 63.44% by acquiring additional common shares through a property share swap. The difference between the fair value of the transaction and the adjustment recognized directly in the Parent Company's equity is recorded as part of Equity reserves under Revaluation Resrves in the 2024 consolidated statement of changes in equity.

29. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2024	2023	2022
Net profit attributable to the Parent Company shareholders	**P 18,749,285,284**	P 17,345,401,623	P 13,455,475,825
Dividends on cumulative preferred shares Series "A"	**(600,000)**	(600,000)	(600,000)
Profit available to the Parent Company's common shareholders	**P 18,748,685,284**	P 17,344,801,623	P 13,454,875,825
Divided by weighted average number common shareholders	**31,758,046,954**	30,967,574,247	31,241,230,149
Basic EPS	**P 0.590**	P 0.560	P 0.431
Divided by weighted average number of outstanding common shareholders	**31,758,046,954**	30,975,626,107	31,297,654,542
Diluted EPS	**P 0.590**	P 0.560	P 0.430

Unexercised share warrants have already expired; hence, were no longer included in the computation. In addition, the potentially dilutive outstanding share options totaling 220.0 million in 2024 and 2023, and 232.5 million in 2022 were also considered in the computations (see Note 28.6).

30. DERIVATIVE FINANCIAL INSTRUMENTS

The Parent Company entered into agreements involving derivative financial instruments, such as cross-currency swap and interest rate swaps with a certain local financial institution to hedge the effect of the movements of foreign currency exchange rates and interest rates on financial instruments.

In 2019, a cross-currency swap was agreed upon with a certain local financial institution. The Parent Company shall receive $95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on three-month LIBOR plus a certain spread. The Parent Company shall make fixed quarterly payments in Philippine peso plus a fixed interest of 4.82%. The Parent Company designated the cross-currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Notes 15.1(a) and 15.1(k)]. In 2024, the Parent Company has paid its outstanding loan balance in full.

In 2024, the Parent Company entered another cross-currency swap agreement with the same financial institution. and a corresponding interest rate swap. The Parent Company shall receive $180.5 million to be paid on a quarterly basis beginning June 2025 up to March 2029 plus interest based on three-month BVAL plus a certain spread. The Parent Company shall make fixed quarterly payments in Philippine Peso plus a fixed interest rate of 6.40%. The Parent Company designated the cross-currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Notes 15.1(a) and 15.1(k)].

Also in 2024, the Parent Company entered into an interest rate swap agreement, with a notional amount of P10.0 billion to hedge its exposure to changes in fair value arising from changes in benchmark interest rate on loans payable due to mature in 2029 (see Note 19).

As at December 31, 2024 and 2023, the Parent Company has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Parent Company expects to continuously use hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans.

The Parent Company recognized unrealized losses on cash flow hedges amounting to P56.0 million and P34.2 million in 2024 and 2023, respectively, and unrealized gains of P 91.1 million in 2022. These are presented as part of other comprehensive income in the consolidated statements of comprehensive income.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the fixed rate loans match the terms of the interest rate swaps. The Group has established a hedge ratio of 104.12% for the hedging relationships as the underlying risk of the interest rate swaps is identical to the hedged risk component.

The hedged items are presented under Interest-bearing Loans and Borrowings in the Group's consolidated statement of financial position as at December 31, 2024. The carrying amounts relating to items designated as hedged items in fair value hedge relationships to manage the Group's exposure to interest rate as at December 31, 2024 amounts to P10.4 billion.

The Parent Company recognized an unrealized gain of P57.0 million on fair value hedges in 2024. These are presented as part of Miscellaneous income – net under Interest and Other Income in the 2024 consolidated statement of income (see Note 23).

The table below sets out information about the Group's hedging instruments and the related carrying amounts as at December 31:

	Notional Amount	Derivative Assets
2024		
Cross currency swaps	**$ 180,505,415**	**P 416,555,825**
Interest rate swaps	**P 10,000,000,000**	**(57,317,173)**
		P 359,238,652
2023		
Cross currency swaps	$ 17,928,858	P 62,038,593

The hedging instruments have a net positive fair value of P359.2 million in 2024 and P62.0 million in 2023. These are presented as Derivative assets under Other Current Assets in the consolidated statements of financial position (see Note 8).

31. COMMITMENTS AND CONTINGENCIES

31.1 Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Unearned income under Other Current Liabilities and Deferred rent under Other Non-current Liabilities in the consolidated statements of financial position (see Note 19).

(a) Operating Leases

The Group is a lessor under several non-cancellable operating leases covering office, commercial and properties for a period of two to ten years with annual escalation rates between 5% to 10% (see Note 12).

Future minimum lease receivables under these agreements are as follows:

	2024	2023	2022
Within one year	**P 18,142,094,472**	P 16,524,807,397	P 16,954,000,233
After one year but not more than two years	**21,397,799,655**	19,998,956,604	18,969,350,475
After two years but not more than three years	**22,138,318,504**	20,787,467,598	20,073,548,227
After three years but not more than four years	**22,840,094,777**	21,565,435,685	20,902,530,811
After four years but not more than five years	**24,103,041,714**	23,134,430,186	22,417,321,069
More than five years	**30,066,404,456**	28,326,544,473	28,155,620,943
	P 138,687,753,578	P 130,337,641,943	P 127,472,371,758

(b) Finance Lease

In 2019, the Group, through GERI, subleased its development rights over the undivided portions of a land co-terminus with the term of its head lease. Finance lease receivable arising from the transaction is presented as part Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). Interest income on the finance lease amounted to P34.3 million and P38.4 million in 2023 and 2022 and is presented as part of Interest and Other Income account in the 2023 and 2022 consolidated statements of income (see Note 23).

In 2024, the Group derecognized its finance lease receivables, resulting in a recognition of gain amounting to P16.6 million, which is presented as part of Miscellaneous – net under Interest and Other Income – net in the 2024 consolidated statement of income (see Note 23).

The maturity analysis of finance lease receivable at December 31, 2023 is as follows:

	Lease Collection	Interest Income	Present value
2023			
Within one year	P 26,846,871	(P 24,829,545)	P 2,017,326
After one year but not more than two years	27,514,054	(24,641,019)	2,873,035
After two years but not more than three years	26,281,499	(24,407,402)	1,874,097
After three years but not more than four years	24,301,659	(24,373,209)	(71,550)
After four years but not more than five years	25,030,708	(24,352,433)	678,275
More than five years	629,817,781	(320,057,121)	309,760,660
	P 759,792,572	(P 442,660,729)	P 317,131,843

31.2 Others

As at December 31, 2024 and 2023, the Group has unused long-term credit facilities amounting to P30.0 billion and P35.0 billion, respectively. In addition, the Group is committed to certain project and capital expenditures as disclosed in Note 4.4. There are other commitments and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVOCI, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes.

32.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable, which have been used to fund new projects and to refinance certain indebtedness for general corporate purposes.

As at December 31, 2024 and 2023, net foreign currency-denominated financial liabilities in U.S. dollar, translated into Philippine Peso at the closing rate, amounted to P49.4 billion and P28.7 billion, respectively.

Management assessed that the reasonably possible change in exchange rates of Philippine Peso to U.S. dollar, based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at 68% confidence level is 5.22% and 5.38% in 2024 and 2023, respectively. If the exchange rate increased or decreased by such percentages, the profit before tax in 2024 and 2023 would have changed by P2,030.7 million and P1,489.3 million, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

32.2 Interest Rate Sensitivity

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets subject to variable interest rates.

The Group's ratio of fixed to floating rate debt stood at 0.47:1.00 and 1.05:1.00 as at December 31, 2024 and 2023, respectively.

The sensitivity of the consolidated net results in 2024 and 2023 to a reasonably possible change of 1.0% in floating rates is P644.1 million and P380.7 million, respectively.

The sensitivity of the consolidated equity in 2024 and 2023 to a reasonably possible change of 1.0% in floating rates is P483.1 million and P285.5 million, respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

32.3 Credit Risk

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of rentals, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets and contract assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to consolidated financial statements), as summarized below.

	Notes	**2024**	2023
Cash and cash equivalents	5	**P 21,421,340,361**	P 25,115,017,234
Trade receivables	6	**49,150,622,871**	39,818,559,661
Rent receivables	6	**6,654,501,681**	7,773,678,259
Other receivables	6	**10,938,806,802**	10,825,734,772
Advances to associates and other related parties	6, 27	**7,815,436,402**	6,266,708,060
Contract assets	20.2	**35,515,792,121**	25,721,450,330
Guarantee and other deposits	14	**1,037,397,688**	890,420,128
		P 132,533,897,926	P 116,411,568,444

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Parent Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Parent Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting periods, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. The total loss allowance based on the provision matrix is P710.2 million and P720.5 million as at December 31, 2024 and 2023, respectively.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are typically required to issue post-dated checks, which provide additional credit enhancement.

The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

	Gross Maximum Exposure	**Fair Value of Collaterals**	**Net Exposure**
2024			
Real estate sales receivables	**P 40,443,807,833**	**P 75,756,257,540**	**P -**
Contract assets	**35,515,792,121**	**86,662,465,873**	**-**
Rent receivable	**6,654,501,681**	**25,956,551,740**	**-**
	P 82,614,101,635	**P 188,375,275,153**	**P -**
2023			
Real estate sales receivables	P 41,328,385,170	P 45,327,170,657	P -
Contract assets	16,725,717,102	40,812,445,170	-
Rent receivable	7,773,678,259	26,677,795,493	-
	P 65,827,780,531	P 112,817,411,320	P -

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2024	2023
Current (not past due)	**P 70,467,769,815**	P 61,314,660,549
Past due but not impaired:		
More than one month but not more than 3 months	**1,201,212,140**	995,776,342
More than 3 months but not more than 6 months	**788,159,860**	660,635,291
More than 6 months but not more than one year	**1,259,283,695**	1,043,424,434
More than one year	**842,942,364**	670,184,136
	P 74,559,367,874	P 64,684,680,752

(c) Advances to Associates and Other Related Parties

ECL for advances to associates, and other related parties, and other trade receivables from related parties, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Parent Company does not consider any significant risks in the advances to related parties as these are entities whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As at December 31, 2024 and 2023, impairment allowance is not material.

(d) Guarantee and Other Deposits

The credit risk for guarantee and other deposits is considered negligible as the Group has ongoing transactions with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

32.4 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2024 and 2023, the Group's financial liabilities have contractual maturities which are presented below.

	Notes	Within 1 Year	1 to 5 Years	More than `5 Years
2024:				
Interest-bearing loans and borrowings*	15	**P 25,953,969,558**	**P 65,367,265,028**	**P 13,140,843,289**
Trade and other payables	17	**28,176,160,978**	**-**	**-**
Bonds and notes payable*	16	**837,577,125**	**21,980,054,250**	**-**
Advances from other related parties	27.3	**1,463,852,566**	**-**	**-**
Other liabilities	19	**2,266,048,111**	**1,772,618,984**	**-**
		P58,697,608,338	**P 89,119,938,262**	**P 13,140,843,289**
2023:				
Interest-bearing loans and borrowings*	15	P 18,440,812,490	P 49,019,402,123	P 7,132,187,500
Trade and other payables	17	25,394,004,577	-	-
Bonds and notes payable*	16	14,164,524,941	24,543,746,338	-
Advances from other related parties	27.3	1,247,044,914	-	-
Other liabilities	19	1,807,973,948	1,209,190,931	-
		P 61,054,360,870	P 74,772,339,392	P 7,132,187,500

**Inclusive of future interest costs*

The contractual maturities in the above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

32.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value is determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. Their impact on the Group's consolidated net profit and consolidated equity as at December 31, 2024 and 2023 are summarized as follows:

	Observed Volatility Rates	Impact on Equity	
		Increase	Decrease
2024			
Investment in equity securities:			
Holding Company	**+/-4.79%**	**P 39,619,753**	**(P 39,619,753)**
Manufacturing	**+/-2.47%**	**19,709,312**	**(19,709,312)**
2023			
Investment in equity securities:			
Holding Company	+/-5.44%	P 72,997,948	(P 72,997,948)
Manufacturing	+/-1.84%	16,911,584	(16,911,584)

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is also exposed to other price risk in respect of its derivative financial assets and liabilities arising from foreign exchange margins trading spot and forward, and interest rate changes. These financial instruments will continue to be measured at fair value based on net present value computation.

33. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

33.1 Carrying Amounts and Fair Values by Category

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

		2024				2023			
	Notes		**Carrying values**		**Fair values**		Carrying values		Fair values
Financial Assets									
At amortized costs:									
Cash and cash equivalents	5	**P**	**21,421,340,361**	**P**	**21,421,340,361**	P	25,115,017,234	P	25,115,017,234
Trade and other receivables – net	6, 27.2		**74,559,367,874**		**74,003,286,582**		64,684,680,752		63,994,382,334
Guarantee and other deposits	14		**1,037,397,688**		**1,037,397,688**		890,420,128		890,420,128
			97,018,105,923	**P**	**96,462,024,631**	P	90,690,118,114	P	89,999,819,696
Financial assets at FVTPL –									
Derivative assets	8	**P**	**359,238,652**	**P**	**359,238,652**	P	62,038,593	P	62,038,593
Financial assets at FVOCI –									
Equity securities	9	**P**	**5,411,250,309**	**P**	**5,411,250,309**	P	5, 390,622,638	P	5,390,622,628
Financial Liabilities									
At amortized costs:									
Interest-bearing loans and borrowings	15	**P**	**89,993,511,031**	**P**	**86,022,502,199**	P	71,780,316,218	P	70,784,042,923
Bonds and notes payable	16		**20,049,554,649**		**19,369,933,610**		31,114,591,251		30,360,173,852
Trade and other payables	17		**28,832,783,344**		**28,764,009,126**		25,394,004,577		26,156,848,944
Advances from other related parties	27.3		**1,463,852,566**		**1,463,852,566**		1,247,044,914		1,173,689,331
Other liabilities	19		**4,038,667,095**		**4,038,667,096**		2,551,442,556		2,551,442,556
		P	**144,378,368,685**	**P**	**139,658,964,597**	P	132,087,399,516	P	131,026,197,606

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 32.

33.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements, except as disclosed in Notes 27.2 and 27.3. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances. There are no offsetting arrangements as at December 31, 2024 and 2023.

34. FAIR VALUE MEASUREMENT AND DISCLOSURES

34.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: 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); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by developing estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

34.2 Financial Instruments Measurement at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at December 31, 2024 and 2023 (see Notes 9 and 30).

	Level 1	Level 2	Level 3	Total
2024				
Financial assets –				
Equity securities	P 2,180,760,059	P -	P 3,230,490,250	P 5,411,250,309
Derivatives	-	359,238,652	-	359,238,652
	P 2,180,760,059	**P 359,238,652**	**P 3,230,490,250**	**P 5,770,488,961**
2023				
Financial assets –				
Equity securities	P 3,123,647,415	P -	P 2,266,974,953	P 5,390,622,368
Derivatives	-	62,083,593	-	62,083,593
	P 3,123,647,415	P 62,083,593	P 2,266,974,953	P 5,452,660,961

Described below are the information about how the fair values of the Group's classes of financial assets are determined.

(a) Equity Securities

As at December 31, 2024 and 2023, instruments included in Level 1 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

In 2024 and 2023, the fair value of these equity securities is determined using discounted cash flows valuation technique with discount rate of 7.2% and 8.5% in 2024 and 2023, respectively, and growth rate of 3.0% in both 2024 and 2023. The forecasted annual net cash flows were also derived by taking into consideration the market conditions, economic factors, and historical performance and future projects of the investee company.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2024 and 2023 is shown below.

	2024	2023
Balance at beginning of year	**P 2,266,974,953**	P 2,151,645,154
Additions	**857,775,000**	-
Fair value gains	**105,740,297**	115,329,799
Balance at end of year	**P 3,230,490,250**	P 2,266,974,953

The Group recognized P642.0 million and P13.8 million fair value losses in 2024 and 2023, respectively, on the Level 1 equity securities. For the Level 3 equity securities, the Group recognized P105.7 million and P115.3 million fair value gains in 2024 and 2023, respectively (see Notes 9 and 28.8).

(b) Derivatives

The fair value of derivative financial instruments, related to the cross-currency and interest rate swaps, is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2 (see Note 30). The fair value is determined through valuation techniques using the net present value computation. The future principal and interest receipts and payments are discounted using readily observable reference rates at the date of valuation. The resulting net present value is translated into Philippine peso using the U.S. dollar exchange rate at the date of valuation to arrive at the fair value of the derivative financial instruments.

34.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Group's financial assets which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed include cash and cash equivalents, which are categorized as Level 1, and trade and other receivables – net, and guarantee and other deposits which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain bonds payable, which are categorized as Level 1, and interest-bearing loans and borrowings, redeemable preferred shares, trade and other payables and advances from their related parties which are categorized as Level 3.

The fair value of the Group's debt securities which consist of corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these financial instruments approximate their fair values as the effect of discounting is insignificant.

34.4 Fair Value of Investment Properties Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumption that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

As at December 31, 2024 and 2023, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment properties was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate. The fair market values of the properties that generated rental income in 2024 and 2023 are P484.5 billion and P481.5 billion as at December 31, 2024 and 2023, respectively, while the fair market value of idle land is P52.6 billion and P55.5 billion as at December 31, 2024 and 2023, respectively.

There were no transfers into or out of Level 3 fair value hierarchy in 2024 and 2023. The reconciliation of the carrying amount of investment properties included in Level 3 is presented in Note 12.

35. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using the debt-to-equity ratio using amounts of contracted borrowings versus total equity. Capital for the reporting periods under review is summarized as follows:

	2024	2023
Interest-bearing loans and borrowings	**P 89,993,511,031**	P 71,780,316,218
Bonds and notes payable	**20,049,554,649**	31,114,591,251
	110,043,065,680	102,894,907,469
Total equity	**278,735,090,426**	260,667,845,972
Debt-to-equity ratio	**0.39 : 1:00**	0.39 : 1:00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for the years presented above.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (See Note 15)	Bonds and Notes Payable (See Note 16)	Lease Liabilities (See Note 19)	Advances from Associates and Other Related Parties (See Note 27)	Total
Balance as at January 1, 2024	P 71,780,316,218	P 31,114,591,251	P 492,051,127	P 1,247,044,914	P 104,634,003,510
Net cash flows:					
Proceeds	34,241,250,000	-	-	353,260,008	34,594,510,008
Principal repayments	(16,848,203,223)	(12,000,000,000)	(46,186,820)	(136,452,356)	(29,030,842,399)
Interest repayments	-	-	(40,349,443)	-	(40,349,443)
Non-cash financing activities:					
Foreign currency exchange	644,190,625	844,811,098	4,340,927	-	1,493,342,650
Amortization of debt issue cost	175,957,411	90,152,299	-	-	266,109,710
Recognition of lease liabilities	-	-	86,730,450	-	86,730,450
Interest amortization on lease liabilities	-	-	40,349,443	-	40,349,443
Balances as at December 31, 2024	**P 89,993,511,031**	**P 20,049,554,648**	**P 536,935,684**	**P 1,463,852,566**	**P 112,043,853,929**
Balance as at January 1, 2023	P 49,658,496,220	P 45,239,075,510	P 610,746,280	P 2,126,611,006	P 97,634,929,016
Net cash flows:					
Proceeds	35,645,523,000	-	-	717,633,255	36,363,156,255
Principal repayments	(13,836,564,027)	(13,607,000,000)	(21,406,494)	(1,597,199,347)	(29,062,169,868)
Interest repayments	-	-	(37,792,646)	-	(37,792,646)
Non-cash financing activities:					
Foreign currency exchange	229,732,032	(613,247,433)	(1,747,322)	-	(385,262,723)
Amortization of debt issue cost	83,128,993	95,763,174	-	-	178,892,167
Interest amortization on lease liabilities	-	-	37,792,646	-	37,792,646
Derecognition	-	-	(95,541,337)	-	(95,541,337)
Balances as at December 31, 2023	P 71,780,316,218	P 31,114,591,251	P 492,051,127	P 1,247,044,914	P 104,634,003,510
Balance as at January 1, 2022	P 51,649,704,598	P 41,982,042,246	P 589,572,800	P 3,243,336,539	P 97,464,656,183
Net cash flows:					
Proceeds	10,522,520,857	-	-	1,317,261,209	11,839,782,066
Principal repayments	(12,451,825,598)	-	(18,840,748)	(2,433,986,742)	(14,904,653,088)
Non-cash financing activities:					
Foreign currency exchange	(135,332,769)	3,167,315,697	10,691,913	-	3,042,674,841
Amortization of debt issue cost	73,429,132	89,717,567	-	-	163,146,699
Interest amortization on lease liabilities	-	-	29,322,315	-	29,322,315
Balances as at December 31, 2022	P 49,658,496,220	P 45,239,075,510	P 610,746,280	P 2,126,611,006	P 97,634,929,016

ANNEX "D-3"

MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the Company'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.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman

LOURDES T. GUTIERREZ-ALFONSO
President and Chief Executive Officer

FRANCISCO C. CANUTO
SVP and Treasurer
(Chief Financial Officer)

Signed this 24th day of February 2026

CERTIFICATION INTERNATIONAL ISO 9001:2015

24 FEB 2026

SUBSCRIBED AND SWORN to before me on this ____ day of _____ at MAKATI CITY, Philippines affiants exhibiting to me their Tax Identification Nos. as follows:

Andrew L. Tan	125-960-003-000
Lourdes T. Gutierrez-Alfonso	106-893-930-000
Francisco C. Canuto	102-956-483-000

Doc. No. 352;
Page No. 72;
Book No. 402;
Series of 2026

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT 10764120/01-05-2026/Makati City
MCLE Compliance No. VIII-0012898/04-14-2028

P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2025, 2024 and 2023

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

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Report of Independent Auditors

The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Opinion

We have audited the consolidated financial statements of Megaworld Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025 and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). The consolidated financial performance and consolidated cash flow for the year ended December 31, 2023 are presented in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Philippine Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 our audits of the consolidated financial statements of public interest entities 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 discusses the adoption and impact of the provisions of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry using modified retrospective approach in 2024. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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.

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because of the volume of transactions, the complexity of applying PFRS 15, *Revenue from Contracts with Customers,* and involvement of significant judgment and estimation. Moreover, real estate sales amounting to P51.8 billion and cost of real estate sales amounting to P25.1 billion account for 60.3% of consolidated Revenues and Income and 40.6% of consolidated Costs and Expenses, respectively, for the year ended December 31, 2025. The areas affected by revenue recognition and determination of related costs, which require significant judgment and estimate, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects that defines the amount of revenue to be recognized, and determining the amount of actual costs incurred as cost of real estate sales.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 19 and 20, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include tests of design and operating effectiveness of relevant controls over revenue generation and recognition, as well as tests of information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized through examination of real estate sales contracts and other relevant supporting documents of the samples selected and performed overall analytical review of actual results.

As part of our procedures to assess compliance with revenue recognition criteria, we evaluated the reasonableness of management's judgment in determining the probability of collection of the consideration for the contract. This includes performing a historical analysis of the customer's payment patterns and behavior to assess whether management's assessment of collectability aligns with observed trends, as well as evaluating the significant assumptions and judgments applied by management, including those related to the identification and application of a significant financing component. In evaluating these assumptions, we considered the appropriateness of management's inputs, the basis for determining whether a significant financing component exists, and the resulting impact on the timing and amount of revenue recognized.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include test of controls over recognition and allocation of costs per project and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of design and operating effectiveness of controls over cost recognition and measurement, including IT general and application controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

(b) Consolidation Process

Description of the Matter

The Group's consolidated financial statements comprise the financial statements of Megaworld Corporation and its subsidiaries, as enumerated in Note 1 to the consolidated financial statements, after the elimination of material intercompany transactions. The Group's consolidation process is significant to our audit because of the complexity of the process. It involves identifying and eliminating voluminous intercompany transactions to properly reflect realization of profits and measurement of controlling and non-controlling interests.

The Group's policy on consolidation process is more fully described in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained understanding of the Group structure and its consolidation process including the procedures for identifying intercompany transactions and reconciling intercompany balances. We tested significant consolidation adjustments which include elimination of intercompany revenues, expenses, receivables, payables and investments, reversal of unrealized fair value adjustments on intercompany investments, and recognition of equity transactions to measure non-controlling interest.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 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 the relevant accounting framework as discussed in Note 2 to the consolidated financial statements, 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, they 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 audit. 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 audits resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10770763, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2025)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-040-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

February 24, 2026

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 20,793,264,473**	P 21,421,340,361
Trade and other receivables - net	6	**49,636,328,572**	41,297,762,439
Contract assets	19	**26,287,777,868**	22,818,989,860
Inventories	7	**138,349,055,317**	135,861,851,519
Advances to contractors and suppliers	2	**13,144,275,798**	12,796,591,650
Prepayments and other current assets	8	**14,322,182,949**	13,483,399,074
Total Current Assets		**262,532,884,977**	247,679,934,903
NON-CURRENT ASSETS			
Trade and other receivables - net	6	**31,046,917,307**	33,261,605,435
Contract assets	19	**7,928,124,664**	12,696,802,261
Advances to contractors and suppliers	2	**1,067,317,879**	1,486,773,874
Advances to landowners and joint operators	10	**9,014,831,658**	8,830,352,156
Financial assets at fair value through other comprehensive income	9	**5,959,767,717**	5,411,250,309
Investments in associates - net	11	**1,733,688,409**	2,813,484,851
Investment properties - net	12	**153,532,374,352**	146,883,191,897
Property and equipment - net	13	**12,702,924,470**	7,194,011,622
Deferred tax assets - net	25	**399,574,000**	424,869,567
Other non-current assets - net	14	**3,181,317,419**	2,954,563,063
Total Non-current Assets		**226,566,837,875**	221,956,905,035
TOTAL ASSETS		**P 489,099,722,852**	P 469,636,839,938

	Notes	2025	2024
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**P 21,035,798,264**	P 21,405,997,726
Trade and other payables	17	**32,895,053,768**	28,832,783,345
Contract liabilities	19	**1,050,338,907**	1,669,576,401
Customers' deposits	2	**9,114,047,702**	9,692,489,861
Advances from other related parties	26	**834,957,733**	1,463,852,566
Income tax payable		**194,699,161**	26,700,260
Other current liabilities	18	**8,940,503,351**	9,218,381,287
Total Current Liabilities		**74,065,398,886**	72,309,781,446
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**61,989,393,295**	68,587,513,305
Bonds and notes payable	16	**20,419,627,934**	20,049,554,649
Contract liabilities	19	**4,041,368,789**	4,914,917,981
Customers' deposits	2	**1,340,097,162**	2,370,902,526
Deferred tax liabilities - net	25	**16,820,875,852**	15,884,995,337
Retirement benefit obligation - net	24	**971,744,423**	869,941,394
Other non-current liabilities	18	**6,291,011,403**	5,914,142,874
Total Non-current Liabilities		**111,874,118,858**	118,591,968,066
Total Liabilities		**185,939,517,744**	190,901,749,512
EQUITY	27		
Total equity attributable to the Company's shareholders		**267,381,462,132**	246,294,123,471
Non-controlling interests		**35,778,742,976**	32,440,966,955
Total Equity		**303,160,205,108**	278,735,090,426
TOTAL LIABILITIES AND EQUITY		**P 489,099,722,852**	P 469,636,839,938

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	**2025**	2024	2023
REVENUES AND INCOME				
Real estate sales	19	**P 51,754,277,123**	P 50,988,478,086	P 42,721,115,222
Rental income	12	**21,777,737,453**	19,678,069,599	17,854,466,048
Hotel operations	19	**5,583,214,503**	5,107,047,400	3,807,063,945
Interest and other income - net	22	**6,754,457,167**	5,913,737,481	5,345,510,276
		85,869,686,246	81,687,332,566	69,728,155,491
COSTS AND EXPENSES				
Cost of real estate sales	20	**25,083,280,498**	25,381,121,671	21,604,685,140
Cost of hotel operations	20	**3,332,535,086**	2,965,752,572	2,185,776,633
Operating expenses	21	**22,069,472,598**	19,834,930,659	16,959,260,295
Equity share in net losses of associates	11	**1,079,796,442**	290,085,568	65,412,001
Interest and other charges - net	23	**5,372,550,819**	6,340,531,092	5,056,713,055
Tax expense	25	**4,873,040,890**	5,208,226,235	4,455,738,864
		61,810,676,333	60,020,647,797	50,327,585,988
NET PROFIT FOR THE YEAR		**P 24,059,009,913**	P 21,666,684,769	P 19,400,569,503
Net profit attributable to:				
Company's shareholders		**P 21,002,934,999**	P 18,749,285,284	P 17,345,401,623
Non-controlling interests		**3,056,074,914**	2,917,399,485	2,055,167,880
		P 24,059,009,913	P 21,666,684,769	P 19,400,569,503
Earnings Per Share:	28			
Basic		**P 0.645**	P 0.590	P 0.560
Diluted		**P 0.645**	P 0.590	P 0.560

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
NET PROFIT FOR THE YEAR		**P 24,059,009,913**	P 21,666,684,769	P 19,400,569,503
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to consolidated profit or loss:				
Fair value gains (losses) on financial assets at fair value through other comprehesive income	9	**(285,188,513)**	(536,270,329)	101,480,862
Actuarial losses on retirement benefit obligation	24	**(27,105,426)**	(183,519,128)	(268,851,445)
Tax income	24, 25	**6,744,521**	32,067,402	65,908,044
		(305,549,418)	(687,722,055)	(101,462,539)
Items that will be reclassified subsequently to consolidated profit or loss:				
Unrealized gains (losses) on cash flow hedge	29	**113,106,428**	(55,952,053)	(34,246,151)
Exchange difference on translating foreign operations	2	**15,763,842**	75,688,819	44,115,901
Share in other comprehensive income (losses) of associates	11	**-**	34,148,095	(3,348,877)
Tax expense	25	**(7,919,804)**	(30,443,239)	(20,768,304)
		120,950,466	23,441,622	(14,247,431)
Total Other Comprehensive Loss		**(184,598,952)**	(664,280,433)	(115,709,970)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 23,874,410,961**	P 21,002,404,336	P 19,284,859,532
Total comprehensive income attributable to:				
Company's shareholders		**P 20,833,802,512**	P 18,235,174,133	P 17,244,878,432
Non-controlling interests		**3,040,608,449**	2,767,230,203	2,039,981,100
		P 23,874,410,961	P 21,002,404,336	P 19,284,859,532

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Attributable to the Company's Shareholders							
	Capital Stock (See Note 27)	**Additional Paid-in Capital** (See Note 27)	**Treasury Shares - At Cost** (See Note 27)	**Revaluation Reserves** (See Note 27)	**Retained Earnings** (See Note 27)	**Total**	**Non-controlling Interests** (See Note 1)	**Total Equity**
Balance at January 1, 2025	P 33,805,865,872	P 18,233,480,793	(P 2,852,655,275)	P 12,637,576,354	P 184,469,855,728	P 246,294,123,471	P 32,440,966,955	P 278,735,090,426
Changes in percentage of ownership	-	-	-	3,534,579,757	-	3,534,579,757	1,158,753,399	4,693,333,156
Cash dividends	-	-	-	-	(3,059,722,881)	(3,059,722,881)	(1,646,158,093)	(4,705,880,974)
Acquisition of treasury shares	-	-	(126,602,640)	-	-	(126,602,640)	-	(126,602,640)
Transfer of accumulated OCI related to associate upon loss of significant influence over an associate	-	-	-	(106,058,406)	1,474,538	(104,583,868)	-	(104,583,868)
Share-based employee compensation	-	-	-		9,865,781	9,865,781	-	9,865,781
Acquisition of new subsidiaries with non-controlling interest	-	-	-	-	-	-	784,572,266	784,572,266
Total comprehensive income (loss) for the year	-	-	-	(169,132,487)	21,002,934,999	20,833,802,512	3,040,608,449	23,874,410,961
Balance at December 31, 2025	**P 33,805,865,872**	**P 18,233,480,793**	**(P 2,979,257,915)**	**P 15,896,965,218**	**P 202,424,408,165**	**P 267,381,462,132**	**P 35,778,742,976**	**P 303,160,205,108**
Balance at January 1, 2024								
As reported	P 32,430,865,872	P 16,995,980,793	(P 2,852,655,275)	P 10,494,221,542	P 170,753,455,312	P 227,821,868,243	P 32,845,977,729	P 260,667,845,972
Effect of adoption of deferred PFRS 15 and other related interpretations (see Note 2)	-	-	-	-	(2,484,697,179)	(2,484,697,179)	(281,234,293)	(2,765,931,472)
As restated	32,430,865,872	16,995,980,793	(2,852,655,275)	10,494,221,542	168,268,758,133	225,337,171,064	32,564,743,436	257,901,914,500
Issuance of capital stock	1,375,000,000	1,237,500,000	-	-	-	2,612,500,000	-	2,612,500,000
Changes in percentage of ownership	-	-	-	2,774,895,670	-	2,774,895,670	(1,324,002,148)	1,450,893,522
Cash dividends	-	-	-	-	(2,662,552,254)	(2,662,552,254)	(1,567,004,536)	(4,229,556,790)
Realized loss on sale of financial assets at fair value through other comprehensive income	-	-	-	(117,429,707)	104,027,183	(13,402,524)	-	(13,402,524)
Share-based employee compensation	-	-	-	-	10,337,382	10,337,382	-	10,337,382
Total comprehensive income (loss) for the year	-	-	-	(514,111,151)	18,749,285,284	18,235,174,133	2,767,230,203	21,002,404,336
Balance at December 31, 2024	P 33,805,865,872	P 18,233,480,793	(P 2,852,655,275)	P 12,637,576,354	P 184,469,855,728	P 246,294,123,471	P 32,440,966,955	P 278,735,090,426
Balance at January 1, 2023	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Reissuance of treasury shares	-	333,233,823	515,166,177	-	-	848,400,000	-	848,400,000
Changes in percentage of ownership			-	3,225,985,331	-	3,225,985,331	363,803,525	3,589,788,856
Cash dividends	-	-	-	-	(2,058,559,594)	(2,058,559,594)	(1,352,156,123)	(3,410,715,717)
Acquisition of treasury shares	-	-	(668,595,880)	-	-	(668,595,880)	-	(668,595,880)
Share-based employee compensation	-	-	-	-	3,586,229	3,586,229	-	3,586,229
Total comprehensive income (loss) for the year	-	-	-	(100,523,191)	17,345,401,623	17,244,878,432	2,039,981,100	19,284,859,532
Balance at December 31, 2023	P 32,430,865,872	P 16,995,980,793	(P 2,852,655,275)	P 10,494,221,542	P 170,753,455,312	P 227,821,868,243	P 32,845,977,729	P 260,667,845,972

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 28,932,050,803**	P 26,874,911,004	P 23,856,308,367
Adjustments for:				
Depreciation and amortization	12, 13, 14	**3,708,473,620**	3,655,645,823	3,480,324,608
Interest expense	23	**2,869,752,431**	3,050,238,241	2,635,396,341
Interest income	22	**(2,175,132,954)**	(3,100,666,819)	(2,540,479,012)
Gain on sale of investment in an associate	11	**(1,480,403,350)**	-	-
Equity share in net losses of associates	11	**1,079,796,442**	290,085,568	65,412,001
Unrealized foreign currency losses (gains) - net		**442,806,520**	1,308,490,990	(362,380,482)
Gain on recycling of associate's other comprehensive income due to loss of significant influence	11	**(104,583,868)**	-	-
Dividend income	22, 26	**(102,409,259)**	(80,298,237)	(36,495,750)
Loss on deconsolidation of a subsidiary	1	**88,835,244**	-	-
Gain on derecognition of investment property	12	**(68,072,699)**	-	-
Employee share options	24	**9,865,781**	10,337,382	3,586,229
Gain on remeasurement of investment upon loss of significant influence	9, 23	**(7,600,000)**	-	-
Loss (gain) on sale of property and equipment	13, 22, 23	**337,294**	(15,230,557)	302,916
Impairment loss on goodwill	14	**-**	77,347,633	-
Gain on derecognition of finance lease receivables	22	**-**	(16,600,000)	-
Operating profit before working capital changes		**33,193,716,005**	32,054,261,028	27,101,975,218
Increase in trade and other receivables		**(9,382,488,918)**	(8,226,774,526)	(5,401,855,155)
Decrease (increase) in contract assets		**1,299,889,589**	(11,362,234,817)	(6,101,526,557)
Increase in inventories		**(2,163,363,978)**	(3,777,334,567)	(9,543,970,288)
Decrease in advances to contractors and suppliers		**72,962,379**	309,357,150	745,135,492
Decrease (increase) in prepayments and other current assets		**(757,571,165)**	221,556,579	(3,850,451,340)
Increase in advances to landowners and joint operators		**(184,479,502)**	(669,934,547)	(264,003,801)
Decrease (increase) in other non-current assets		**(1,723,775,692)**	(152,889,544)	838,172,118
Increase in trade and other payables		**7,646,235,340**	5,870,572,259	2,123,214,966
Decrease in contract liabilities		**(1,492,786,686)**	(627,840,277)	(789,678,135)
Increase (decrease) in customers' deposits		**(2,832,860,675)**	238,568,684	1,143,914,083
Increase (decrease) in other liabilities		**288,172,725**	(465,135,596)	(173,959,904)
Cash generated from operations		**23,963,649,422**	13,412,171,826	5,826,966,697
Cash paid for income taxes		**(2,260,980,266)**	(2,042,526,209)	(1,625,121,992)
Net Cash From Operating Activities		**21,702,669,156**	11,369,645,617	4,201,844,705
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	12	**(9,806,310,589)**	(14,240,711,847)	(10,857,268,275)
Property and equipment	13	**(3,265,023,585)**	(541,305,194)	(734,877,887)
Proceeds from disposal of:				
Investment in associate	11	**1,480,403,350**	-	-
Investment property	12	**72,327,372**	-	-
Property and equipment	13	**446,627**	44,849,212	32,061,133
Financial assets at fair value through other comprehensive income	9	**-**	342,117,060	-
Advances to associates and other related parties:	26			
Collected		**1,465,349,727**	-	112,550,636
Granted		**(70,679,178)**	(1,548,728,342)	-
Cash from new subsidiaries through asset acquisition, net of cash consideration transferred	1	**955,067,424**	-	-
Interest received		**1,775,238,906**	2,366,978,118	2,227,691,648
Additions to financial assets at fair value through other comprehensive income	9	**(811,605,000)**	(857,775,000)	-
Dividends received		**114,669,259**	91,718,707	12,815,280
Cash from deconsolidated subsidiary, net of cash consideration received	1	**(9,700,183)**	-	-
Acquisition and subscription of shares of stock of subsidiaries and associates		**-**	-	(659,964)
Net Cash Used in Investing Activities		**(8,099,815,870)**	(14,342,857,286)	(9,207,687,429)
Balance carried forward		**P 13,602,853,286**	(P 2,973,211,669)	(P 5,005,842,724)

	Notes	2025	2024	2023
Balance brought forward		**P 13,602,853,286**	(P 2,973,211,669)	(P 5,005,842,724)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of long and short-term liabilities	35	**(22,331,082,538)**	(16,848,203,223)	(13,836,564,027)
Proceeds from availments of long and short-term liabilities	15, 35	**15,089,516,433**	34,241,250,000	35,645,523,000
Interest paid		**(6,186,074,152)**	(6,117,969,545)	(5,269,232,098)
Proceeds from sale of investment in subsidiary	27	**4,692,976,647**	1,450,893,522	3,565,448,820
Cash dividends paid	27	**(3,059,722,881)**	(2,662,552,254)	(2,058,559,594)
Cash dividends declared and paid to non-controlling interest	1	**(1,646,158,093)**	(1,567,004,536)	(1,352,156,123)
Advances from other related parties:	26, 35			
Paid		**(921,855,804)**	(136,452,356)	(1,597,199,347)
Obtained		**290,923,456**	353,260,008	717,633,255
Acquisition of treasury shares	27	**(126,602,640)**	-	(668,595,880)
Repayments of lease liabilities	18, 35	**(32,849,602)**	(46,186,820)	(21,406,494)
Repayments of bonds payable	35	**-**	(12,000,000,000)	(13,607,000,000)
Proceeds from issuance of shares	28	**-**	2,612,500,000	-
Proceeds from reissuance of treasury shares	28	**-**	-	848,400,000
Net Cash From (Used in) Financing Activities		**(14,230,929,174)**	(720,465,204)	2,366,291,512
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(628,075,888)**	(3,693,676,873)	(2,639,551,212)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**21,421,340,361**	25,115,017,234	27,754,568,446
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 20,793,264,473**	P 21,421,340,361	P 25,115,017,234

Supplemental information on non-cash investing and financing activities is fully disclosed in Note 35 to the consolidated financial statements.

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Megaworld Corporation (the Parent Company) was incorporated in the Philippines on August 24, 1989, primarily to engage in the development of large scale, mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The Parent Company is presently engaged in property-related activities such as project design, construction and property management. The Parent Company's real estate portfolio includes residential condominium units, subdivision lots and townhouses, condominium-hotel projects as well as office projects and retail spaces.

Alliance Global Group, Inc. (AGI or the Ultimate Parent Company) is the ultimate parent company of Megaworld Corporation and its subsidiaries (the Group). AGI is a holding company and is presently engaged in food and beverage, real estate development, quick-service restaurant, tourism-entertainment and gaming businesses.

The Parent Company and AGI's common shares are publicly-listed at the Philippine Stock Exchange (PSE).

The Parent Company's registered office address, which is also its principal place of business, is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its principal place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.1 Composition of the Group

As at December 31, the Parent Company holds ownership interests in the following subsidiaries and associates:

	Effective Percentage of Ownership		
Subsidiaries	**2025**	2024	2023
Prestige Hotels and Resorts, Inc. (PHRI)	**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)	**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	**100%**	100%	100%
Megaworld Oceantown Properties, Inc. [formerly: Oceantown Properties, Inc.] (MOPI)	**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	**100%**	100%	100%
Arcovia Properties, Inc. (API)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2025	2024	2023
Megaworld Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services,Inc.(GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
`Belmont Newport Luxury Hotels, Inc. (BNLHI)	(g)	**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)	(p)	**-**	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. [formerly: San Vicente Coast, Inc.] (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(g)	**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(g)	**100%**	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. (MREIT)	(f)	**54%**	63.44%	55.63%
Grand Westside Hotel, Inc. (GWHI)		**100%**	100%	100%
Belmont Hotel Mactan, Inc. (BHMI)	(g)	**100%**	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc.(VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center Administration, Inc. (CCCAI)	(e)	**100%**	100%	100%
Westside Commercial Center Administration, Inc. (WCCAI)	(e,)	**100%**	100%	-
Uptown Place Building Administration Inc. (UPTBAI)	(o)	**100%**	-	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2025	2024	2023
Alliance Global Tower Building Administration Inc. (AGTBAI)	(o)	**100%**	-	-
Eastwood Global Plaza Corporate Tower Building Administration, Inc. (EGPBAI)	(o)	**100%**	-	-
Global One Building Administration, Inc. (GBOBAI)	(o)	**100%**	-	-
1 Campus Place Building Administration, Inc. (1CPBAI)	(o)	**100%**	-	-
Mckinley West Campus Building Administration, Inc. (MWCBAI)	(o)	**100%**	-	-
Technoplaza Two Building Administration, Inc. (TEP2BAI)	(o)	**100%**	-	-
8CP Building Administration, Inc. (8CPBAI)	(o)	**100%**	-	-
CIP Building Administration, Inc. (CIPBAI)	(o)	**100%**	-	-
Enteprise Two Building Administration, Inc. (ETBAI)	(o)	**100%**	-	-
Newtown Conventions and Events, Inc. (NCEI)	(o)	**100%**	-	-
Venetian Properties, Inc. (VPI)	(k)	**100%**	-	-
Titan Dragon Properties, Corp. (TDPC)	(k)	**50%**	-	-
Embassy Hills Properties, Inc. (EHPI)	(k)	**50%**	-	-
Belmont Luxury Hotel Iloilo, Inc. (BLHII)	(g)	**100%**	-	-
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Sunrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.41%
Global-Estate Resorts, Inc. (GERI)	(m)	**82.51%**	82.51%	82.32%
Elite Communities Property Services, Inc. (ECPSI)	(n)	**82.51%**	82.51%	82.32%
Southwoods Mall, Inc. (SMI)	(n)	**91.19%**	91.19%	91.09%
Elite Club & Leisure Inc. (ECLI)	(n)	**82.51%**	82.51%	82.32%
Integrated Resorts Property Management Inc.(IRPMI)	(n)	**82.51%**	82.51%	82.32%
Megaworld Global-Estate, Inc. (MGEI)	(n)	**89.51%**	89.51%	89.39%
Twin Lakes Corporation (TLC)	(n)	**91.08%**	91.08%	90.99%
Twin Lakes Hotel, Inc. (TLHI)	(n)	**91.08%**	91.08%	90.99%
Global-Estate Properties, Inc. (GEPI)	(n)	**82.51%**	82.51%	82.32%
Aklan Holdings, Inc. (AHI)	(a, n)	**82.51%**	82.51%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a, n)	**82.51%**	82.51%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a, n)	**82.51%**	82.51%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a, n)	**82.51%**	82.51%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a, n)	**82.51%**	82.51%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(n)	**82.51%**	82.51%	82.32%
MCX Corporation (MCX)	(a, n)	**82.51%**	82.51%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a, n)	**82.51%**	82.51%	82.32%
Prime Airways, Inc. (PAI)	(a, n)	**82.51%**	82.51%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)	(n)	**82.51%**	82.51%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a, n)	**82.51%**	82.51%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a,n)	**65.18%**	65.18%	65.03%
Sherwood Hills Development, Inc. (SHD)	(n)	**45.38%**	45.38%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)	(n)	**82.51%**	82.51%	82.32%
Golforce, Inc. (Golforce)	(n)	**82.51%**	82.51%	82.32%
Southwoods Ecocentrum Corp. (SWEC)	(n)	**49.50%**	49.50%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a, n)	**49.50%**	49.50%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)	(n)	**82.51%**	82.51%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a, n)	**82.51%**	82.51%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a, n)	**82.51%**	82.51%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(n)	**82.51%**	82.51%	82.32%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2025	2024	2023
Belmont Hotel Boracay, Inc. (BHBI)	(n)	**82.51%**	82.51%	82.32%
Chancellor Hotel Boracay, Inc. (CHBI)	(n)	**82.51%**	-	-
Oceanfront Properties, Inc. (OFPI)	(n)	**41.26%**	41.22%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership		
		2025	2024	2023
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holding, Inc. [formerly: Suntrust Home Developers, Inc.] (SUN)	(q)	**-**	34%	34%
SWC Project Management Limited (SWCPML)	(q)	**-**	34%	34%
WC Project Management Limited (WCPML)	(q)	**-**	34%	34%
Suntrust WC Hotel Inc. (Suntrust WC)	(q)	**-**	34%	34%
GERI				
Fil-Estate Network, Inc. (FENI)	(a)	**16.50%**	16.50%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.50%**	16.50%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.50%**	16.50%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.50%**	16.50%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.55%**	11.55%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2025.

(b) As at December 31, 2025, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2025, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2025 , the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

(e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Parent Company through MLI, their immediate parent company.

(f) MFMI, MPMI and MREIT are subsidiaries incorporated in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act (R.A.) No. 9856*, The Real Estate Investment Trust Act of 2009,* including its implementing rules and regulations, and other applicable laws. The Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. As at 2023, ownership is at 55.63%. As of 2024, ownership is at 63.44%. In July, September and December 2025, the Parent Company disposed certain number of shares resulting in a decrease in ownership to 54.00%.

(g) These were incorporated to engage in owning, leasing, operation and management of hotels.

(h) As at December 31, 2025, the effective ownership of Parent Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) The ownership structure of this entity remains at 60% owned by the Parent Company after a decrease in capital in 2021.

(j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Ultimate Parent Company were transferred to the Parent Company, increasing the effective ownership of the Parent Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.

(k) In December 2025, the Parent Company acquired 100% ownership over VPI. The acquisition was accounted for as an asset acquisition. As a result of the acquisition, TPDC and EHPI, which were existing subsidiaries of VPI prior to the acquisition, became indirect subsidiaries of the Parent Company [see Notes 1.2 and 3(j)].

(l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

(m) In April 2024, the Parent Company acquired additional shares of GERI, increasing its ownership interest to 82.51%. There was no similar transaction in 2025.

(n) Subsidiaries of GERI. As a result of the additional investments in GERI in 2024, the Parent Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI.

(o) These were incorporated to engage in operations, maintenance, and administration of various offices.

(p) In September 2025, the Parent Company disposed its ownership interest over GOHGI [see Note 1.2(b)].

(q) In 2025, the Company disposed certain number of shares reducing its ownership to 0.06% and resulting in the loss of significant influence. Consequently, the investment has been reclassified as a financial asset at fair value through other comprehensive income (FVOCI) (see Notes 9 and 11).

All subsidiaries and associates were incorporated and have their principal place of business in the Philippines, except for the following:

- MCII – incorporated and has principal place of business in the Cayman Islands
- RHGI – incorporated and has principal place of business in the British Virgin Islands
- SWCPML – incorporated and has principal place of business in Hongkong
- WCPML – incorporated and has principal place of business in Macau

The Parent Company and its subsidiaries, except for entities which have not yet started commercial operations as at December 31, 2025, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations and marketing services and e-commerce.

There are no significant restrictions on the Parent Company's ability to access or use the assets and settle the liabilities of the Group.

EELHI, GERI, MREIT and SUN are publicly-listed companies in the Philippines.

1.2 Asset Acquisition and Disposal of Investment in Subsidiary

(a) Acquisition of Venetian Properties, Inc. (VPI)

In December 2025, the Parent Company acquired 100% ownership of VPI. VPI's main asset is its 50% interest in Titan Dragon Properties, Corp. (TDPC). Despite holding only 50% of the shares, VPI has control over TDPC since the remaining shares are held by various shareholders.

TDPC's primary asset is its 90% interest in Embassy Hills Properties, Inc. (EHPI), whose assets consist mainly of raw land inventory. The Parent Company also directly owns 5% of EHPI. As a result of the acquisition, TDPC and EHPI became indirect subsidiaries of the Parent Company.

The Group assessed whether the transaction qualified as acquisition of a business or an asset in accordance with PFRS 3, *Business Combinations*. Based on management'sassessment, the acquired entities do not meet the definition of a business. At the acquisition date, the acquired entities primarily held parcels of undeveloped raw land inventory that does not generate real estate sales yet, and the subsidiaries had not commenced substantive commercial operations. The entities did not have employees, operating system, or substantive processes necessary to generate outputs contemplated under PFRS 3. Accordingly, management concluded the acquisition does not meet the definition of a business. The transaction was therefore accounted for as an asset acquisition. Consistent with the accounting requirements for asset acquisition, no goodwill was recognized [see Note 3.1(j)].

Aggregate information at acquisition date, is as follows:

(Amounts in PHP)	Notes	
Fair value of consideration transferred:		
Cash		2,500,000
Existing ownership of Parent Company in EHPI		12,000,200
Application of existing advances granted to VPI as part of the purchase consideration for future stock acquisition	26.2	1,998,125,000
		2,012,625,200
Fair value of assets acquired:		
Cash	5	957,567,424
Inventories	7	2,026,668,077
Advances to related parties	26.2	1,000,000,000
Property and equipment	13	27,587,917
Others		52,867,057
		4,064,690,475
Fair value of liabilities assumed:		
Advances from related parties	26.3	(2,037,515)
Others		(1,265,098,988)
		(1,267,136,503)
Non-controlling interest	1.3	(784,572,266)
Preacquisition loss		(356,506)
		(784,928,772)
Net assets acquired		2,012,625,200

Other assets include trade and other receivables, advances to contractors and suppliers, and prepayments and other assets. Other liabilities include trade and other payables and customer deposits.

Except for inventories, the carrying amounts of the acquired assets and liabilities approximate their fair values due to their short-term maturities or repricing on market terms. Inventories measured at fair value on a non-recurring basis are classified within Level 3 of the fair value hierarchy. The fair value was determined at the acquisition date using the market approach, with reference to the consideration transferred in the asset acquisition and market-based inputs.

(b) Disposal of Investment in Global One Hotel Group, Inc. (GOHGI)

In 2025, the Parent Company disposed of its entire ownership interest in GOHGI to a related party under common ownership, resulting in a loss of control. At the date control was lost, GOHGI had current assets (excluding cash) of P259.6 million and non-current assets of P11.2 million. The entity's current liabilities amounted to P179.4 million and non-current liabilities to P12.3 million, resulting in total net assets (excluding cash) of P79.1 million.

The Group received cash consideration of P10.0 million. As a result of deconsolidation, cash of P19.7 million held by GOHGI was derecognized from the 2025 consolidated statement of financial position. The resulting loss amounting to P88.8 million is presented as part of Miscellaneous under Interest and Other Charges – Net account in the 2025 consolidated statement of income (see Note 23). There was no similar transaction in 2024 and 2023.

1.3 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below *(PHP, amounts in thousands)*.

Name	Interest and Voting Accumulated Rights Held by NCI			Subsidiary's Consolidated Profit Allocated to NCI			Accumulated Equity of NCI		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
GERI	**17.49%**	17.49%	17.68%	**559,577**	381,303	444,108	**7,381,649**	6,893,581	6,836,602
EELHI	**18.27%**	18.27%	18.27%	**142,815**	51,510	119,520	**11,298,799**	11,173,183	11,199,106
MCTI	**23.72%**	23.72%	23.72%	**97,126**	105,275	119,873	**1,652,042**	1,608,254	1,564,420
MREIT	**46.00%**	36.56%	44.37%	**1,257,843**	1,184,680	942,175	**3,892,879**	2,912,533	4,329,357
MBPHI	**31.97%**	31.97%	31.97%	**216,635**	421,819	241,170	**4,619,190**	4,402,555	3,979,512
LFI	**33.33%**	33.33%	33.33%	**36,418**	59,677	70,067	**1,214,910**	1,261,818	1,285,466
NWPI	**40.00%**	40.00%	40.00%	**599,457**	403,362	(118,125)	**3,420,696**	2,821,239	2,423,019
TDPC – see Note 1.2(a)	**50.00%**	-	-	**-**	-	-	**-**	-	-
EHPI – see Note 1.2(a)	**50.00%**	-	-	**-**	-	-	**-**	-	-

The summarized balance sheets of GERI, EELHI, MCTI, MREIT, MBPHI, LFI, NWPI, TDPC, and EHPI before intragroup eliminations are shown below.

(Amounts in PHP)	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2025					
GERI	**43,810,578,495**	**20,715,349,202**	**8,996,310,292**	**12,741,180,222**	**42,788,437,183**
EELHI	**43,030,126,080**	**6,931,940,430**	**15,387,414,421**	**2,515,045,853**	**32,052,201,155**
MCTI	**6,303,944,748**	**1,577,388,170**	**617,685,448**	**298,885,300**	**6,964,762,170**
MREIT	**2,462,594,536**	**73,587,704,188**	**1,254,183,474**	**8,388,292,201**	**66,407,823,049**
MBPHI	**22,588,507,220**	**3,050,901,212**	**10,153,407,259**	**2,917,421,745**	**12,568,579,428**
LFI	**258,856,992**	**835,066,650**	**298,933,245**	**82,781,937**	**712,208,460**
NWPI	**4,053,367,542**	**4,696,038,083**	**499,847,242**	**835,544,913**	**7,414,013,468**
TDPC – see Note 1.2(a)	**1,096,182,017**	**7,566,208,457**	**703,873**	**-**	**8,661,686,601**
EHPI – see Note 1.2(a)	**8,828,716,417**	**860,629**	**1,266,306,875**	**-**	**7,563,270,171**
December 31, 2024					
GERI	43,520,675,531	19,362,062,208	9,547,471,246	12,757,865,523	40,577,401,970
EELHI	42,808,668,889	6,555,567,009	15,169,618,380	2,863,546,331	31,331,071,187
MCTI	6,183,183,096	1,473,505,161	671,486,709	205,043,437	6,780,158,111
MREIT	2,878,691,457	69,153,511,894	1,489,968,913	8,149,535,257	62,392,699,181
MBPHI	23,007,375,092	1,144,208,440	9,166,743,717	3,093,880,592	11,890,959,223
LFI	335,683,539	861,745,264	287,029,563	56,784,108	853,615,132
NWPI	4,431,598,439	2,530,076,920	584,695,943	461,609,010	5,915,370,406

The summarized comprehensive income of GERI, EELHI, MCTI, MREIT, MBPHI, LFI, and NWPI before intragroup eliminations is shown below.

(Amounts in PHP)	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2025			
GERI	**9,085,347,713**	**1,935,136,313**	**9,902,092**
MREIT	**5,619,139,028**	**1,207,241,670**	**-**
EELHI	**4,911,877,732**	**815,249,163**	**(2,913,195)**
MBPHI	**3,661,517,677**	**677,620,204**	**-**
NWPI	**3,210,895,389**	**1,498,643,062**	**-**
MCTI	**1,120,961,295**	**409,469,425**	**-**
LFI	**348,101,878**	**109,263,575**	**-**
2024			
GERI	8,840,867,585	2,083,677,957	19,419,854
EELHI	4,971,889,273	701,376,611	(31,447,732)
MCTI	1,203,387,306	443,823,924	-
MREIT	4,598,219,598	857,220,705	-
MBPHI	5,353,963,078	1,319,421,021	-
LFI	405,733,351	179,047,435	-
NWPI	2,162,295,321	1,008,405,238	-
2023			
GERI	8,389,466,594	2,113,325,233	(8,416,676)
EELHI	5,203,131,447	788,653,304	(154,029,551)
MCTI	989,243,868	509,841,059	-
MREIT	4,156,504,467	168,343,855	-
MBPHI	5,176,390,657	779,022,671	-
LFI	428,024,009	223,264,780	(517,752)
NWPI	430,737,444	293,266,702	-

The summarized cash flows of GERI, EELHI, MCTI, MREIT, MBPHI, LFI, and NWPI before intragroup eliminations are shown below.

	Net Cash From (Used in)		
(Amounts in PHP)	Operating Activity	Investing Activity	Financing Activity
2025			
GERI	**1,024,360,240**	**(788,551,263)**	**(261,608,401)**
EELHI	**(361,954,321)**	**304,194,129**	**(523,517,893)**
MCTI	**(600,343,783)**	**(94,075,466)**	**(224,865,366)**
MREIT	**3,512,888,759**	**-**	**(4,152,443,100)**
MBPHI	**(1,880,555,234)**	**222,326,962**	**1,089,840,502**
LFI	**209,514,462**	**(40,280,318)**	**(249,596,781)**
NWPI	**(525,236,218)**	**(472,520,794)**	**-**
2024			
GERI	1,077,453,361	(752,327,984)	(156,003,789)
EELHI	(531,531,275)	19,480,065	(341,539,709)
MCTI	(785,647,556)	20,295,774	(251,751,146)
MREIT	3,309,086,299	-	(3,031,143,255)
MBPHI	(129,151,408)	(694,560,006)	962,445,334
LFI	215,397,200	(80,319,095)	(299,784,772)
NWPI	(803,253,957)	(887,536,654)	432,259,735
2023			
GERI	243,620,711	(1,749,326,023)	(87,887,407)
EELHI	440,922,303	67,140,204	(228,380,011)
MCTI	(995,779,391)	187,254,202	-
MREIT	3,387,700,668	-	(3,089,314,682)
MBPHI	(4,606,227,279)	19,576,963	(4,712,660,638)
LFI	319,759,454	(5,906,351)	(299,784,772)
NWPI	(110,930,687)	(24,955)	785,051,956

The summarized dividend declarations paid to NCI are shown below.

(Amounts in PHP)	**2025**	2024
MREIT	**1,436,251,040**	1,295,704,391
LFI	**83,325,000**	83,325,000
GERI	**73,240,933**	128,256,821
MCTI	**53,338,065**	59,715,371
ECOC	**3,055**	2,953
	1,646,158,093	1,567,004,536

1.4 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2025 (including the comparative consolidated financial statements as at December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Group's BOD on February 24, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group as at and for the years ended December 31, 2025 and 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Prior to 2024, the Group's consolidated financial statements were prepared in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 Pandemic [see Note 2.1(b)]. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed and Adopted by the Group in Prior Years

In 2023 and prior years, the Group availed of several financial reporting reliefs granted by the SEC relating to the number of implementation issues of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry under the Memorandum Circulars (MC) below and in the succeeding page.

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*

- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*
- PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from the Mismatch between the Percentage of Completion and the Schedule of Payment*

The adoption of these standards and interpretations in 2024 resulted to adjustments to the amounts recognized in the consolidated financial statements as at January 1, 2024, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for that period.

Discussed below and in the succeeding page are the relevant information about these standards and interpretations, and the resulting adjustments to the relevant consolidated financial statements accounts as at January 1, 2024.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

As a result of the adoption of the IFRIC Agenda Decision, Inventories decreased by P1,950.6 million, Deferred Tax Liabilities – net decreased by P487.6 million and Equity decreased by P1,463.0 million as at January 1, 2024.

(ii) PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

As a result of the adoption of this interpretation, Trade and Other Receivables – net as at January 1, 2024 increased by P20.5 million and Contract Assets decreased by P1,567.9 million. Further, Contract Liabilities decreased by P244.4 million and Equity decreased by P1,302.9 million.

(c) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents a consolidated statement of comprehensive income separate from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine Peso, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of Amended PFRS Accounting Standards

(a) Effective in 2025 that are Relevant to the Group

The Group adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the consolidated financial statements of the Group.

(b) Effective Subsequent to 2025 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have a significant impact on the Group's consolidated financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iii) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

(iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

(c) Acquisitions that do not meet the definition of a business under PFRS 3 are accounted for as asset acquisitions. In such cases, the consideration transferred, including directly attributable transaction costs, is allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. Although for asset acquisitions that qualify as a common control transaction, the transferred assets and liabilities are measured at their carrying amounts at the date of acquisition. No goodwill or gain from bargain purchase is recognized.

NCI represent the equity in a subsidiary not attributable, directly or indirectly, to the parent. When the Group obtains control of a subsidiary, either through a business combination or through an asset acquisition conducted via a subsidiary with existing minority shareholders, the Group recognizes NCI at the acquisition date.

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. In both cases, the difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity.

Acquired investment in associate is subject to the purchase method.

2.4 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Except for MCII and RHGI, which use the United States (U.S.) dollar as their functional currency, the accounting records of the Parent Company and its subsidiaries are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of MCII and RHGI, which are measured using the U.S. dollar, their functional currency, are translated to Philippine peso, the Parent Company's functional currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end reporting period;

(ii) Income and expenses for each profit or loss account are translated at the annual average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in MCII and RHGI are recognized under Exchange Difference on Translating Foreign Operations account in the consolidated statement of comprehensive income. As these entities are wholly owned subsidiaries, the translation adjustments are fully allocated to the Parent Company's shareholders.

The translation of the consolidated financial statements into Philippine Peso should not be construed as a representation that the U.S. dollar amounts could be converted into Philippine Peso amounts at the translation rates or at any other rates of exchange.

2.5 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (SPPI). In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, or other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at FVTPL.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL or if it is a contingent consideration recognized arising from a business combination. Accordingly, the Group has designated certain equity instruments as at FVOCI.

Financial Assets at Fair Value Through Profit or Loss

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The Group applies the simplified approach in measuring expected credit loss (ECL), which uses a lifetime expected loss allowance for all trade and other receivables and contract assets including those which contain significant financing component. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due [see Note 31.3(b)].

The Group applies a general approach specifically, in relation to advances to related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk.

In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is frealized.

For other financial assets at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such 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.

(b) Financial Liabilities

Financial liabilities of the Group include interest-bearing loans and borrowings, bonds and notes payable, trade and other payables (except tax-related liabilities), derivative liabilities, advances from other related parties, commission payable and lease liabilities (presented as part of Other Current Liabilities and Other Non-current Liabilities in the consolidated statement of financial position).

2.6 Inventories

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; and, related property development costs.

Costs of inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized plus any amount to be refunded to customers and the cost of the repossessed property is recognized in the consolidated statement of income.

2.7 Advances to Contractors and Suppliers

Advances to contractors and suppliers represents advance payments made by the Group for construction services and materials.

Management applies judgment in determining whether these advances are classified as current or noncurrent assets. The classification is based on the nature and intended use of the underlying project to which the advances relate, consistent with the requirements of PFRS Accounting Standards. Advances related to the development of real estate inventories are presented as current assets, as they are expected to be utilized within the Group's normal operating cycle. Advances associated with the construction or improvement of investment properties and other long-term assets are presented as noncurrent assets, reflecting their expected period of utilization.

2.8 Property and Equipment

Property and equipment, including land, are carried at acquisition or construction cost less subsequent depreciation and/or amortization for property and equipment, and any impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. Amortization of office improvements is recognized over the estimated useful lives of improvements or the term of the lease, whichever is shorter.

The depreciation and amortization periods for other property and equipment, based on the above policies, are as follows:

Buildings and improvements	5-25 years
Office improvements	5-20 years
Transportation equipment	5 years
Office furniture, fixtures and equipment	3-5 years

The measurement for right-of-use assets is disclosed in Note 2.11(a).

2.9 Investment Properties

Investment properties include properties held for lease under operating lease agreements, properties intended to be held for lease, and properties held for currently undetermined use. These properties are carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation.

Depreciation of investment properties, excluding land, is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

2.10 Intangible Assets

Intangible assets include acquired computer software licenses and franchise rights which are accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over the estimated useful lives, which is five years, as the lives of these intangible assets are considered finite.

2.11 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, property management fees and hotel operations.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The Group also enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(c). Sales cancellations are accounted for as contract modification on the year of forfeiture. Cumulative revenue and costs recognized on cancelled contracts are reversed in the year of cancellation, and any gain or loss is charged to profit or loss.

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales on pre-completed real estate properties is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales on pre-completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales on completed real estate properties is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales on completed real estate properties is presented as part of Real Estate Sales under the Revenues and Income section in the consolidated statement of income. For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Parent Company, GERI, EELHI, SPI, MBPHI, SEDI, OPI, NWPI, MGLI, SVCI, MCTI, STLI, API and MBPI.

(c) *Sale of undeveloped land and golf and resort shares for sale* – Revenues on sale of undeveloped land and golf and resort shares for sale are recognized at a point in time when the control over the undeveloped land and golf and resort shares have passed to the buyer and the amount of revenue can be measured reliably.

(d) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(e) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(f) *Rendering of services* – Revenues are recognized over time (i.e., time-and-materials basis as the services are provided or based on the actual work done) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include property management, commission and construction income.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

Cost of real estate sales include the acquisition cost of the land, development costs incurred to date and estimated costs to complete the project, determined based on estimates made by the project engineers.

In determining the transaction price of real estate sales, the Group adjusts the contract price for the effects of time value of money when the timing of payments agreed to with the customer provides either party with a significant benefit of financing the transfer of goods or services to the customer. In buyer financing arrangements where buyer payments are ahead of the development of the sold property, the Group recognizes interest expense which is presented as part of Interest and Other Charges in the consolidated statement of income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Company recognizes interest income which is presented as part of Interest and Other Income in the consolidated statement of income.

The Group applies the practical expedient under PFRS 15 where the promised amount of consideration is no longer adjusted for the effects of significant financing component when the Group expects, at contract inception, that the period between when the Group transfers the promised good or service to a customer and when the customer pays for such good or service will be one year or less. The significant judgment used in determining the existence of significant financing component in the contract is disclosed in Note 3.1(e).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as how the Group assesses impairment of its financial assets [see Note 2.5(a)(ii)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sale, consideration received from buyers are presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.12 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

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

(b) Group as Lessor

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.13 Impairment of Non-financial Assets

The Group's Investments in Associates, Goodwill, Intangible assets and Leasehold rights (included as part of Other Non-current Assets), Investment Properties, Property and Equipment, and other non-financial assets are subject to impairment testing. Goodwill and intangible assets with an indefinite useful life or those not yet available for use are tested for impai rment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.14 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits.

The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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.

(a) Determining Existence of a Contract with Customer

In a sale of real estate property, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by the customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether the collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(d)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

The Group determines whether any non-cancellable period or notice period in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations that are enforceable.

In assessing the enforceability of a contract, the Group considers whether the lessor can refuse to agree to a request from the Group to extend the lease. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate properties is satisfied over time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. Conversely, the Group's performance obligation for sale of completed real estate properties is satisfied at a point in time.

(ii) Hotel Operations

The Group determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group provides the services without the need of reperformance of other entities. This demonstrates that the customers simultaneously receive and consume the benefits of the Group's rendering of hotel services as it performs.

(iii) Food and Beverages, and Others

In determining the appropriate method to use in recognizing the Group's revenues from food, beverage and other consumer goods, management assesses that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e. generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(iv) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(v) Property Management Services

The Group determines that its revenue from property management services shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers.

The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(d) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(e) Determination of the Existence of Significant Financing Component in the Contract

The Group enters into real estate sales contracts offering various payment schemes to its customers. The timing of transaction price collection can significantly differ from the timing of the Group's fulfillment of its performance obligations. The Group exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Group or its customers. This assessment is conducted at the inception of the contract, considering the contractual payment terms and the projected completion timeline of the related real estate development.

(f) Determination of ECL on Trade and Other Receivables and Contract Assets

The Group uses a provision matrix to calculate ECL for trade and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, projects and customer type).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). The Group considers the continuing impact of real estate industry outlooks and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. Details about the ECL on the Group's trade and other receivables are disclosed in Note 31.3(b).

(g) Distinction Among Investment Properties and Owner-occupied Properties

The Group determines whether a property should be classified as investment property or owner-occupied property. The Group applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Group's main line of business or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Group's main line of business or for administrative purposes.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(h) Distinction Between Inventories and Investment Properties

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgment.

(i) Distinction Between Investments in Financial Instruments and Inventories

Being a real estate developer, the Group determines how golf and resort shares shall be accounted for. In determining whether these shares shall be accounted for as either inventories or investments in financial instruments, the Group considers its role in the development of the club and its intent for holding these shares. The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell a developed property together with the club share.

(j) Distinction Between Asset Acquisition and Business Combinations

The Parent Company acquires subsidiaries that own real estate properties. At the time of acquisition, the Parent Company considers whether the acquisition represents acquisition of a business or asset. The Parent Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PFRS 3 and PAS 40, *Investment Property,* on ancillary services. In addition, when the acquired assets include properties for development, the Parent Company evaluates whether development activities are already in place and whether the necessary inputs, such as employees, processes, or an operating system capable of generating outputs, exist. If these elements are not present or are not substantive, the acquisition is assessed as an asset acquisition rather than a business combination. In 2025, the acquisition of VPI and its subsidiaries is accounted for as an asset acquisition [see Note 1.2(a)].

(k) Distinction Between Operating and Finance Leases (as a Lessor)

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Group's lease agreements, as lessor, are classified either operating or finance leases.

(l) Consolidation of Entities in which the Group Holds 50% or Less of Voting Rights

Management considers that the Group has de facto control over investees even though it effectively holds less than 50% of the ordinary shares and voting rights in those companies when it has the ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors (see Note 1.1). In 2025, the Group established that VPI has control over TPDC and EHPI [see Note 1.2(a)].

(m) Significant Influence on Investees Even if the Group Holds Less than 20% of Voting Rights

The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but has no control or joint control of those policies (see Notes 1.1 and 11).

(n) Share-based Employee Remuneration

The Group grants share options to qualified employees of the Group eligible under a share option plan. The services received in exchange for the grant, and the corresponding share options, are valued by reference to the fair value of the equity instruments granted at grant date.

(o) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 30.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary.

A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Determination of Appropriate Discount Rate in Measuring Significant Financing Component

In the sale of real estate properties, the transaction price is recognized at the present value of the installment payments discounted to the date the entity expects to satisfy its performance obligation.

When adjusting the consideration for significant financing component, an entity shall use the discount rate that would be reflected in a separate financing transaction at contract inception. Management considers the discount rate which would reflect the credit characteristics of the party receiving financing in the contract as well as any collateral or security provided by the customer or entity. Specifically, for contracts classified as 'seller financing' the Group bases its lending rate on the rate extended to buyers who utilize its in-house financing. This lending rate is adjusted to reflect the specific circumstances of each financing transaction. For contracts classified as 'buyer financing', the Group estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Group is considered the borrower.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 31.3(b).

(d) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the inventories within the next reporting period. In evaluating net realizable value of inventories, recent market conditions and current market prices have been considered. The carrying value of Inventories is disclosed in Note 7.

(e) Fair Value of Share Options

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share options were granted. The estimates and assumptions used are presented in Note 27.6 which include, among other things, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Group's share price and fair value of the Group's common shares. Changes in these factors can affect the fair value of share options at grant date.

The fair value of share options recognized as part of Salaries and employee benefits in 2025, 2024 and 2023 is presented in Note 24.2.

(f) Fair Value Measurement of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair value of investment properties earning rental income through discounted cash flows valuation technique. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Notes 12 and 33.4.

(g) Estimation of Useful Lives of Investment Properties, Property and Equipment, Intangible Assets and Leasehold Rights

The Group estimates the useful lives of investment properties, property and equipment, intangible assets and leasehold rights based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of investment properties and property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

An analysis of the movements in the carrying amount of Investment Properties, Property and Equipment, Intangible Assets and Leasehold Rights are presented in Notes 12, 13 and 14, respectively.

(h) Valuation of Financial Assets at Fair Value through Other Comprehensive Income

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, management applies valuation techniques to determine the fair value of financial instruments. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period. Valuation methods used in determining the fair value of these financial assets are disclosed in Note 33.2(a).

The carrying amounts of financial asset at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 9.

(i) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(j) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2025 and 2024 will be utilized in the succeeding years. The carrying amount of the net deferred tax assets as at December 31, 2025 and 2024 is disclosed in Note 25.

(k) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become evident. In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows.

Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the amount of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Aside from the impairment on the Group's goodwill in 2024, there are no other impairment losses on other non-financial assets required to be recognized in 2025, 2024 and 2023 based on management's assessment (see Note 14).

(l) Valuation of Retirement Obligation

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amount of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 24.3.

(m) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their acquisition date fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development of residential and office units including urban centers integrating office, residential and commercial components. The Real Estate segment pertains to the development and sale of residential and office developments. The Rental segment includes leasing of office and commercial spaces. The Hotel Operations segment relates to the management of hotel business operations. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- interest income and costs, and foreign currency gains and losses;
- equity in net earnings of associates, fair value gains, dividend income and foreign currency gains/losses; and,
- gain on sale of investments in associate.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The tables presented below and in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2025, 2024 and 2023 and certain assets and liabilities information regarding segments as at December 31, 2024 and 2023.

	2025			
(Amounts in PHP)	**Sale of Goods**	**Sale of Services**		
	Real Estate	**Rental**	**Hotel Operations**	**Total**
TOTAL REVENUES				
Sales to external customers	51,754,277,123	21,777,737,453	5,583,214,503	79,115,229,079
Intersegment sales	-	1,397,237,578	-	1,397,237,578
	51,754,277,123	23,174,975,031	5,583,214,503	80,512,466,657
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	35,598,770,052	2,937,405,953	4,795,873,935	43,332,049,940
Depreciation and amortization	286,342,559	2,990,112,431	287,218,933	3,563,673,923
	35,885,112,611	5,927,518,384	5,083,092,868	46,895,723,863
SEGMENT OPERATING PROFITS	**15,869,164,512**	**17,247,456,647**	**500,121,635**	**33,616,742,794**
ASSETS AND LIABILITIES				
Segment assets	**291,701,532,441**	**163,147,549,813**	**12,388,673,064**	**467,237,755,318**
Segment liabilities	**113,972,278,258**	**65,820,515,066**	**2,253,265,783**	**182,046,059,107**

	2024			
(Amounts in PHP)	Sale of Goods	Sale of Services		
	Real Estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	50,988,478,086	19,678,069,599	5,107,047,400	75,773,595,085
Intersegment sales	-	1,354,506,683	-	1,354,506,683
	50,988,478,086	21,032,576,282	5,107,047,400	77,128,101,768
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	34,765,504,116	2,548,550,513	4,359,608,601	41,673,663,230
Depreciation and amortization	324,662,154	2,971,079,941	192,595,682	3,488,337,777
	35,090,166,270	5,519,630,454	4,552,204,283	45,162,001,007
SEGMENT OPERATING PROFITS	15,898,311,816	15,521,945,828	554,843,117	31,966,100,761
ASSETS AND LIABILITIES				
Segment assets	287,134,583,427	154,993,635,808	6,984,442,041	449,112,661,276
Segment liabilities	117,765,360,758	67,131,164,809	2,113,631,188	187,010,156,755

(Amounts in PHP)	2023			
	Sale of Goods	Sale of Services		
	Real Estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	42,721,115,222	17,854,466,048	3,807,063,945	64,382,645,215
Interest income on real estate sales	1,129,913,991	-	-	1,129,913,991
Intersegment sales	-	688,393,835	-	688,393,835
	43,851,029,213	18,542,859,883	3,807,063,945	66,200,953,041
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses, excluding depreciation and amortization	29,797,634,218	2,174,351,445	3,179,787,694	35,151,773,357
Depreciation and amortization	299,788,932	2,847,130,267	183,412,704	3,330,331,903
	30,097,423,150	5,021,481,712	3,363,200,398	38,482,105,260
SEGMENT OPERATING PROFITS	13,753,606,063	13,521,378,171	443,863,547	27,718,847,781
ASSETS AND LIABILITIES				
Segment assets	270,084,403,031	145,952,507,542	6,129,045,419	422,165,955,992
Segment liabilities	120,821,155,240	52,311,008,997	2,202,470,050	175,334,634,287

The total project and capital expenditures amounted to P48.7 billion, P50.8 billion and P50.0 billion in 2025, 2024 and 2023, respectively.

4.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

(Amounts in PHP)	**2025**	2024	2023
Revenues			
Total segment revenues	**80,512,466,657**	77,128,101,768	66,200,953,041
Unallocated interest and other income	**6,754,457,167**	5,913,737,481	4,215,596,285
Elimination of intersegment sales	**(1,397,237,578)**	(1,354,506,683)	(688,393,835)
Revenues as reported in profit or loss	**85,869,686,246**	81,687,332,566	69,728,155,491
Profit or loss			
Segment operating profit	**33,616,742,794**	31,966,100,761	27,718,847,781
Unallocated interest and other income	**6,754,457,167**	5,913,737,481	4,215,596,285
Unallocated interest and other charges	**(5,372,550,819)**	(6,340,531,092)	(5,056,713,054)
Equity share in net losses	**(1,079,796,442)**	(290,085,568)	(65,412,001)
Other unallocated expenses	**(4,986,801,897)**	(4,374,310,578)	(2,956,010,644)
Profit before tax as reported in profit or loss	**28,932,050,803**	26,874,911,004	23,856,308,367

(Amounts in PHP)	**2025**	2024
Assets		
Segment assets	**467,237,755,318**	449,112,661,276
Investments in associates	**1,733,688,409**	2,813,484,851
Financial assets at fair value through other comprehensive income	**5,959,767,717**	5,411,250,309
Advances to other related parties	**7,420,765,853**	7,815,436,402
Other unallocated assets	**6,747,745,555**	4,484,007,100
Total assets reported in the consolidated statements of financial position	**489,099,722,852**	469,636,839,938
Liabilities		
Segment liabilities	**182,046,059,107**	187,010,156,755
Advances from other related parties	**834,957,733**	1,463,852,566
Other unallocated liabilities	**3,058,500,904**	2,427,740,191
Total liabilities reported in the consolidated statements of financial position	**185,939,517,744**	190,901,749,512

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

(Amounts in PHP)	**2025**	2024
Cash on hand and in banks	**11,779,340,178**	11,480,750,706
Short-term placements	**9,013,924,295**	9,940,589,655
	20,793,264,473	21,421,340,361

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods between 30 to 60 days and earn effective interest ranging from 0.50% to 6.25% in 2025, 2024 and 2023 (see Note 22).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	Notes	**2025**	2024
Current:			
Trade	15.3(g), 26.1	**40,029,999,460**	28,610,399,856
Allowance for impairment		**(693,188,977)**	(697,949,941)
		39,336,810,483	27,912,449,915
Advances to associates and other related parties	26.2	**7,420,765,853**	7,815,436,402
Others		**2,878,752,236**	5,569,876,122
Balance carried forward		**49,636,328,572**	41,297,762,439

(Amounts in PHP)	Notes	**2025**	2024
Balance brought forward		**49,636,328,572**	41,297,762,439
Non-current:			
Trade	15.3(g)	**24,172,047,558**	27,904,899,573
Allowance for impairment		**(12,224,936)**	(12,224,936)
		24,159,822,622	27,892,674,637
Others	26.1	**6,887,094,685**	5,368,930,798
		31,046,917,307	33,261,605,435
		80,683,245,879	74,559,367,874

Trade receivables mainly pertain to receivables from real estate sales and rental transactions.

The installment period of sales contracts averages one to five years. Noninterest-bearing trade receivables from real estate sales with maturity of more than one year after the end of the reporting period are assessed for existence of a significant financing component. Interest income recognized amounted to P1,084.2 million, P1,036.2 million and P1,129.9 million in 2025, 2024 and 2023, respectively. These amounts are presented as part of Interest income from significant financing component under Real Estate Sales account in the 2025 and 2024 consolidated statements of income and as part of Interest income under Interest and Other Income – net account in the 2023 consolidated statement of income (see Notes 19 and 22).

Other current receivables include certain advances to condominium associations and other counterparties within the ordinary course of business, which are expected to be realized within 12 months from the end of the reporting periods.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 31.3(b)].

A reconciliation of the allowance for impairment losses on trade receivables at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	**Current**	**Non-current**	**Total**
December 31, 2025:			
Balance at beginning of year	697,949,941	12,224,936	710,174,877
Impairment loss	6,048,566	-	6,048,566
Reversal of impairment	(10,809,530)	-	(10,809,530)
Balance at end of year	**693,188,977**	**12,224,936**	**705,413,913**
December 31, 2024:			
Balance at beginning of year	708,270,478	12,224,936	720,495,414
Impairment loss	45,211,742	-	45,211,742
Reversal of impairment	(55,532,279)	-	(55,532,279)
Balance at end of year	697,949,941	12,224,936	710,174,877

In 2025 and 2024, certain past due rent receivables presented as part of Trade receivables were found to be impaired using the provisional matrix as determined by management; hence, credit loss of P6.0 million and P45.2 million was recognized in 2025 and 2024, respectively (see Note 23). There was no credit loss recognized in 2023. In 2025, 2024 and 2023, based on management's reassessment of recoverability of receivables, the Group reversed a portion of allowance for impairment amounting to P10.8 million, P55.5 million and P41.1 million, respectively. The resulting gain on reversal is presented as part of Miscellaneous – net under Interest and Other Income – net account in the consolidated statements of income (see Note 22).

7. INVENTORIES

The composition of this account as at December 31 is shown below.

(Amounts in PHP)	**2025**	2024
Residential and condominium units	**110,398,767,267**	109,633,318,651
Raw land inventory	**13,832,162,644**	12,212,744,073
Property development costs	**10,894,514,501**	11,074,601,834
Golf and resort shares	**3,223,610,905**	2,941,186,961
	138,349,055,317	135,861,851,519

Residential and condominium units mainly pertain to the accumulated costs incurred in developing the Group's horizontal and condominium projects and certain integrated-tourism projects.

Property development costs pertain to accumulated costs incurred for properties undergoing development. The relative cost of a unit sold under development is charged to cost of sales in the same manner as revenue is recognized. The relative costs of units completed prior to sale are reclassified to Residential and condominium units.

Raw land inventory pertains to properties which the Group intends to develop into residential properties to be held for sale.

Golf and resort shares pertain to proprietary or membership shares (landowner resort shares and founders shares) that are of various types and costs. The cost of the landowner resort shares is based on the acquisition and development costs of the land and the project. The cost of the founders shares is based on the par value of the resort shares which is P100 per share.

None of the Group's inventories are used as collateral for its interest-bearing loans and borrowings.

Based on management's assessment, there is no allowance for inventory write-down required to be recognized in 2025, 2024 and 2023; hence, inventories are recorded at cost as at December 31, 2025 and 2024.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

(Amounts in PHP)	Notes	**2025**	2024
Creditable withholding taxes		**5,329,940,277**	4,440,640,711
Input VAT		**4,033,988,842**	4,230,465,083
Deferred commission	19.3	**1,907,966,914**	1,969,038,939
Prepaid rent and other prepayments		**1,822,950,861**	1,930,408,116
Derivative asset	29	**615,404,509**	359,238,652
Deposits		**125,264,881**	163,920,937
Others		**486,666,665**	389,686,636
		14,322,182,949	13,483,399,074

Others include supplies and food and beverage inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at December 31, financial assets at FVOCI is composed of the following:

(Amounts in PHP)	Notes	**2025**	2024
Equity securities:	33.2		
Quoted		**1,967,072,470**	2,180,760,059
Unquoted		**3,992,695,247**	3,230,490,250
	26.4	**5,959,767,717**	5,411,250,309

The Group's securities are investments from local entities.

The reconciliation of the carrying amount of financial assets at FVOCI is as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**5,411,250,309**	5,390,622,368
Addition	**811,605,000**	857,775,000
Translation adjustments	**14,500,921**	54,642,854
Reclassification upon loss of significant influence	**7,600,000**	-
Disposal	**-**	(355,519,584)
Fair value losses	**(285,188,513)**	(536,270,329)
Balance at end of year	**5,959,767,717**	5,411,250,309

The quoted equity securities pertain to investments in publicly-listed holding and service companies with fair values determined directly by reference to published prices in the PSE.

Other information about the fair value measurement and disclosures related to the investments in financial assets are presented in Note 33.2.

In 2025, 2024 and 2023, the Group received cash dividends amounting to P102.4 million, P80.3 million and P36.5 million, respectively. The amount of dividends received is presented as Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 22).

10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

10.1 Advances to Landowners and Joint Operators

The Group enters into numerous joint arrangements for the joint development of various projects. These are treated as jointly-controlled operations. The joint arrangements stipulate that the Group's co-operator shall contribute parcels of land while the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of residential and condominium units to be constructed on the properties. In addition, there were no separate entities created by these joint arrangements. Costs incurred by the Group on these projects are recorded under the Inventories account in the consolidated statements of financial position (see Note 2.6).

The Group also grants noninterest-bearing secured cash advances to a number of landowners and joint operations under agreements they entered into with the landowners covering the development of certain parcels of land. Under the terms of the arrangements, the Group, in addition to providing specified portion of total project development costs, also commits to advance mutually agreed-upon amounts to the landowners to be used for pre-development expenses such as the relocation of existing occupants.

The total amount of advances made by the Group less repayments, is presented as part of the Advances to Landowners and Joint Operators account in the consolidated statements of financial position.

As at December 31, 2025 and 2024, management has assessed that the advances to joint operations are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

(Amounts in PHP)	**2025**	2024
Total commitment for construction expenditures	**66,282,605,811**	64,488,899,160
Total expenditures incurred	**(43,883,539,830)**	(34,270,561,027)
Net commitment	**22,399,065,981**	30,218,338,133

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2025 and 2024. The listing of the Group's jointly-controlled projects are as follows:

Parent Company:
- Park McKinley West
- Laurent Park
- Uptown Arts Residence
- Uptown Modern
- Maple Grove Park Village
- Vion Tower
- Arden Botanical Village
- Arden West Park Village
- One Portwood Residence

GERI:
- Alabang West
- Caliraya Spring
- Eastland Heights [formerly: Forest Hills]
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Newport Hills
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- The Hamptons Caliraya
- Sta. Barbara Heights Shophouse District
- The Fifth

EELHI:
- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon Projects

SPI:
- Governor's Hills
- Mandara
- Sta. Rosa Heights
- Sta. Rosa Hills
- Sentosa
- Asmara
- One Lakeshore
- Two Lakeshore
- Riva Bella
- Solana
- The Gentri Heights
- Fountain Grove
- Palm City
- The Mist Residence
- Sonrisa Gardens
- East Park Residences
- Sofia Terraces

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as at December 31, 2025 and 2024, and income and expenses for years ended December 31, 2025, 2024 and 2023 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint ventures.

As at December 31, 2025 and 2024, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

10.2 Advances from Joint Operators

This account represents the share of joint venture partners in the proceeds from the sale of certain projects in accordance with various joint arrangements entered into by the Group.

The advances from golf share partners and lot owners recognized in 2025 and 2024 amounted to P466.8 million and P277.2 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 26.3).

11. INVESTMENTS IN ASSOCIATES

11.1 Breakdown of Carrying Values

The details of investments in associates, accounted for using the equity method, are as follows:

(Amounts in PHP)	**2025**	2024
Acquisition costs:		
NPI	**734,396,528**	734,396,528
BWDC	**199,212,026**	199,212,026
PTHDC	**64,665,000**	64,665,000
SUN	**-**	2,619,800,008
	998,273,554	3,618,073,562
Accumulated equity in net losses:		
Balance at beginning of year	**(910,647,117)**	(620,561,549)
Derecognition arising from loss of significant influence in SUN	**2,725,858,414**	-
Equity share in net losses of associates for the year	**(1,079,796,442)**	(290,085,568)
Balance at end of year	**735,414,855**	(910,647,117)
Accumulated equity in other comprehensive income:		
Balance at beginning of year	**106,058,406**	71,910,311
Derecognition due to loss of significant influence in SUN	**(106,058,406)**	-
Share in other comprehensive income of associates	**-**	34,148,095
Balance at end of year	**-**	106,058,406
	1,733,688,409	2,813,484,851

The shares of stock of SUN are listed in the PSE which closed at P0.85 as at December 31, 2024. The fair values of all other investments in associates are not available as at December 31, 2025 and 2024. The related book values of the Group's holdings in all of the associates exceed or approximate their carrying values; hence, management deemed that the recognition of impairment loss is not necessary.

Investment in SUN

In October 2019, the Parent Company acquired additional 115.0 million shares of SUN at market price, totaling P100.1 million. Subsequently, the Group disposed of a certain number of shares. In December 2019, the Parent Company subscribed to additional P2,177 million shares from SUN at P1.00 par value. The Parent Company paid P1.25 billion out of the P2.20 billion additional subscribed capital, the unpaid portion is presented as Subscription payable. In 2023, the Parent Company paid its subscription payable to SUN in full.

In December 2025, the Parent Company disposed of 2,455.0 million of its investment in SUN through a series of open-market transactions, generating net proceeds of P1,480.4 million. Following these disposals, the Parent Company lost significant influence over SUN and, accordingly, ceased applying the equity method on the date such influence was lost.

Upon the loss of significant influence, the Parent Company remeasured its retained investment in SUN at fair value, with the resulting remeasurement gain amounting to P7.6 million presented as part of Miscellaneous – net in the 2025 consolidated statement of income. The total gain recognized for the period consists of the gain on disposal amounting to P1,480.4 million, representing the excess of the net proceeds over the carrying amount of the portion disposed; and the remeasurement gain arising from the difference between the fair value of the retained interest at the date of loss of significant influence and its equity-method carrying amount immediately before the loss event. The fair value of the remaining SUN shares at the date of disposal amounting to P7.6 million is subsequently classified as FVOCI and is presented in the 2025 consolidated statement of financial position (see Note 9). There was no similar transaction in 2024 and 2023.

11.2 Summarized Financial Information

The aggregated amounts of assets, liabilities, equity, revenues, net profit (loss), other comprehensive income (loss) of the associates are as follows:

(Amounts in PHP)	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2025					
NPI	2,784,202	5,594,585,843	1,250,639,730	-	4,346,730,315
BWDC	293,022,672	3,492,218,553	920,702,772	595,247,288	2,269,291,165
PTHDC	1,135,185,017	-	1,002,792,888	-	132,392,129
	1,430,991,891	**9,086,804,396**	**3,174,135,390**	**595,247,288**	**6,748,413,609**
December 31, 2024					
SUN	6,385,174,528	47,826,261,217	1,856,568,754	43,796,905,713	8,557,961,278
NPI	2,832,943	5,594,585,843	1,248,174,811	-	4,349,243,975
BWDC	369,028,633	2,626,876,387	704,521,319	125,280,185	2,166,103,516
PTHDC	1,135,021,745	-	1,010,865,348	-	124,156,397
	7,892,057,849	56,047,723,447	4,820,130,232	43,922,185,898	15,197,465,166

(Amounts in PHP)	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2025			
BWDC	213,907,210	113,502,531	-
NPI	91	(2,336,824)	-
PTHDC	17,019	(238,879)	-
	213,924,320	**110,926,828**	**-**
2024			
SUN	1,433,726	(1,083,784,645)	(100,435,570)
NPI	104	(5,194,765)	-
BWDC	244,007,040	171,870,656	-
PTHDC	17,692	(348,626)	-
	245,458,562	(917,457,380)	(100,435,570)
2023			
SUN	99,759	(348,051,058)	(13,132,855)
NPI	473	(3,263,442)	-
BWDC	211,774,598	116,865,673	-
PTHDC	16,461	(168,602)	-
	211,891,291	(234,617,429)	(13,132,855)

The reconciliation of the above summarized financial information to the carrying amount of the interest in associates are as follows:

(Amounts in PHP)	**BWDC**	**NPI**	**PTHDC**	**Total**
2025				
Net asset at end of year	2,269,291,165	4,346,730,315	132,392,129	6,748,413,609
Equity ownership interest	46%	12%	40%	
	1,046,370,156	502,047,352	52,956,851	1,601,374,359
Notional goodwill	12,865,193	230,379,167	14,642,202	257,886,562
Share in bond option reserves	(87,305,678)	-	-	(87,305,678)
Other reconciling items	(38,266,834)	-	-	(38,266,834)
Total carrying amount	**933,662,837**	**732,426,519**	**67,599,053**	**1,733,688,409**

(Amounts in PHP)	SUN	BWDC	NPI	PTHDC	Total
2024					
Net asset at end of year	8,557,961,278	2,166,103,516	4,349,243,975	124,156,397	15,197,465,166
Equity ownership interest	34%	46%	12%	40%	
	2,909,706,835	998,790,332	501,032,906	49,662,559	4,459,192,632
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	(1,905,473,167)	(87,305,678)	-	-	(1,992,778,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	(38,266,834)	-	-	(510,393,202)
Total carrying amount	1,131,685,004	886,083,013	731,412,073	64,304,761	2,813,484,851

12. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	**Land**	**Buildings**	**Total**
December 31, 2025			
Cost	34,145,617,679	148,632,764,717	182,778,382,396
Accumulated depreciation	-	(29,246,008,044)	(29,246,008,044)
Net carrying amount	**34,145,617,679**	**119,386,756,673**	**153,532,374,352**
December 31, 2024			
Cost	33,742,927,748	139,396,159,763	173,139,087,511
Accumulated depreciation	-	(26,255,895,614)	(26,255,895,614)
Net carrying amount	33,742,927,748	113,140,264,149	146,883,191,897
January 1, 2024			
Cost	29,983,203,130	128,457,161,423	158,440,364,553
Accumulated depreciation	-	(23,284,815,673)	(23,284,815,673)
Net carrying amount	29,983,203,130	105,172,345,750	135,155,548,880

A reconciliation of the carrying amounts at the beginning and end of 2025, 2024 and 2023 of investment properties is shown below.

(Amounts in PHP)	**Land**	**Buildings**	**Total**
Balance at January 1, 2025 net of accumulated depreciation	33,742,927,748	113,140,264,149	146,883,191,897
Additions	709,986,871	9,096,323,718	9,806,310,589
Transfer to inventories	(307,296,940)	-	(307,296,940)
Transfer from property and equipment	-	144,535,909	144,535,909
Derecognition	-	(4,254,673)	(4,254,673)
Depreciation charges for the year	-	(2,990,112,430)	(2,990,112,430)
Balance at December 31, 2025, net of accumulated depreciation	**34,145,617,679**	**119,386,756,673**	**153,532,374,352**
Balance at January 1, 2024 net of accumulated depreciation	29,983,203,130	105,172,345,750	135,155,548,880
Additions	3,388,262,579	10,852,449,268	14,240,711,847
Transfer from inventories	371,462,039	86,549,072	458,011,111
Depreciation charges for the year	-	(2,971,079,941)	(2,971,079,941)
Balance at December 31, 2024, net of accumulated depreciation	33,742,927,748	113,140,264,149	146,883,191,897
Balance at January 1, 2023, net of accumulated depreciation	29,987,225,960	98,114,618,578	128,101,844,538
Additions	497,371,630	10,359,896,645	10,857,268,275
Transfer to inventories	(501,394,460)	(455,039,206)	(956,433,666)
Depreciation charges for the year	-	(2,847,130,267)	(2,847,130,267)
Balance at December 31, 2023, net of accumulated depreciation	29,983,203,130	105,172,345,750	135,155,548,880

Rental income earned from these properties arising from the Group's operating leases amounted to P21,777.7 million, P19,768.1 million and P17,845.5 million in 2025, 2024 and 2023, respectively, and is shown as Rental Income in the consolidated statements of income. There is no rental income arising from finance lease in 2025, 2024 and 2023. The direct operating costs, exclusive of depreciation incurred by the Group relating to these investment properties amounted to P1,256 million in 2025, P1,105.2 million in 2024, and P1,016.2 million in 2023. On the other hand, the direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2025, 2024 and 2023 amounted to P33.8 million, P33.4 million, and P28.2 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 30.1. Variable lease pertains to rental payments based on percentage of sales of the lessee's business operations.

The rental income from the operating leases of the Group is composed of the following:

(Amounts in PHP)	**2025**	2024	2023
Fixed	**20,644,690,698**	18,605,147,474	17,025,278,807
Variable	**1,133,046,755**	1,072,922,125	829,187,241
	21,777,737,453	19,678,069,599	17,854,466,048

Borrowing costs that are capitalized as part of investment properties amounted to P3,429.4 million, P3,346.4 million, and P2,421.6 million in 2025, 2024, and 2023, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund their construction projects (see Notes 15 and 16).

Depreciation of investment properties is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 21).

The fair market values of the properties that generated rental income in 2025 and 2024 are P514.5 billion and P484.5 billion as at December 31, 2025 and 2024, respectively, while the fair market value of idle land is P53.4 billion and P52.6 billion as at December 31, 2025 and 2024, respectively. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 33.4.

As at December 31, 2025 and 2024, the Group does not have any contractual commitments for acquisition of investment properties.

None of the Group's investment properties are used as collateral for its interest-bearing loans and borrowings.

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Buildings & Improvement	Furniture, Fixtures, and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
December 31, 2025							
Cost	13,940,150,562	2,806,369,945	853,140,383	838,723,915	642,775,490	576,212,880	19,657,373,175
Accumulated depreciation and amortization	(2,922,615,722)	(2,301,633,707)	(641,529,019)	(670,858,361)	-	(417,811,896)	(6,954,448,705)
Net carrying amount	**11,017,534,840**	**504,736,238**	**211,611,364**	**167,865,554**	**642,775,490**	**158,400,984**	**12,702,924,470**
December 31, 2024							
Cost	8,651,213,854	2,533,033,523	670,817,447	762,803,366	245,672,573	573,523,591	13,437,064,354
Accumulated depreciation and amortization	(2,662,466,196)	(2,025,209,147)	(540,112,855)	(627,474,827)	-	(387,789,707)	(6,243,052,732)
Net carrying amount	5,988,747,658	507,824,376	130,704,592	135,328,539	245,672,573	185,733,884	7,194,011,622
January 1, 2024							
Cost	8,511,950,486	2,352,636,135	574,301,053	667,293,977	245,672,573	486,793,141	12,838,647,365
Accumulated depreciation and amortization	(2,390,453,076)	(1,775,114,346)	(472,681,812)	(599,479,075)	-	(327,723,758)	(5,565,452,067)
Net carrying amount	6,121,497,410	577,521,789	101,619,241	67,814,902	245,672,573	159,069,383	7,273,195,298

A reconciliation of the carrying amounts at the beginning and end of 2025, 2024 and 2023, of property and equipment is shown below.

(Amounts in PHP)	Buildings & Improvement	Furniture, Fixtures, and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
Balance at January 1, 2025, net of accumulated depreciation and amortization	5,988,747,658	507,824,376	130,704,592	135,328,539	245,672,573	185,733,884	7,194,011,622
Additions	5,433,472,617	277,725,996	182,462,579	75,743,911	370,315,000	2,689,289	6,342,409,392
Acquired from a new subsidiary	-	-	-	800,000	26,787,917	-	27,587,917
Transfer to investment properties	(144,535,909)	-	-	-	-	-	(144,535,909)
Disposals	-	(20,915)	(139,643)	(623,362)	-	-	(783,920)
Derecognition through deconsolidation	-	(4,368,659)	-	-	-	-	(4,368,659)
Depreciation charges for the year	(260,149,526)	(276,424,560)	(101,416,164)	(43,383,534)	-	(30,022,189)	(711,395,973)
Balance at December 31, 2025, net of accumulated depreciation	**11,017,534,840**	**504,736,238**	**211,611,364**	**167,865,554**	**642,775,490**	**158,400,984**	**12,702,924,470**
Balance at January 1, 2024, net of accumulated depreciation and amortization	6,121,497,410	577,521,789	101,619,241	67,814,902	245,672,573	159,069,383	7,273,195,298
Additions	139,263,368	193,377,849	96,516,394	112,147,583	-	86,730,450	628,035,644
Disposals	-	(12,980,461)	-	(16,638,194)	-	-	(29,618,655)
Depreciation charges for the year	(272,013,120)	(250,094,801)	(67,431,043)	(27,995,752)	-	(60,065,949)	(677,600,665)
Balance at December 31, 2024, net of accumulated depreciation	5,988,747,658	507,824,376	130,704,592	135,328,539	245,672,573	185,733,884	7,194,011,622
Balance at January 1, 2023, net of accumulated depreciation and amortization	6,043,850,887	521,971,397	144,939,382	54,839,899	245,672,573	185,636,446	7,196,910,584
Additions	387,090,949	278,118,891	27,064,086	42,603,961	-	-	734,877,887
Disposals	-	(28,323,922)	(3,660,663)	(379,464)	-	-	(32,364,049)
Depreciation charges for the year	(309,444,426)	(194,244,577)	(66,723,564)	(29,249,494)	-	(26,567,063)	(626,229,124)
Balance at December 31, 2023, net of accumulated depreciation	6,121,497,410	577,521,789	101,619,241	67,814,902	245,672,573	159,069,383	7,273,195,298

Depreciation and amortization of property and equipment is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 21).

In 2025, the Group recognized certain property and equipment amounting to P4,370.3 million arising from the rescission of the original agreement with a related party under common ownership (see Notes 26.1 and 35.2). There was no similar transaction in 2024 and 2023.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the statement of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2025					
Offices	**7**	**1 – 11 years**	**2 years**	**3**	**1**
Commercial lot	**4**	**1 – 23 years**	**13 years**	**2**	**1**
2024					
Offices	7	1 – 12 years	2 years	3	1
Commercial lot	4	1 – 24 years	14 years	2	1

The breakdown of the Group's right-of-use assets as at December 31, 2025 and 2024 and the movements during the years are shown below.

(Amounts in PHP)	**Offices**	**Commercial Lot**	**Total**
Balance at January 1, 2025	54,179,647	131,554,237	185,733,884
Additions	2,689,289	-	2,689,289
Depreciation and amortization	(6,959,587)	(23,062,602)	(30,022,189)
Balance at December 31, 2025	**49,909,349**	**108,491,635**	**158,400,984**
Balance at January 1, 2024	4,474,726	154,594,657	159,069,383
Additions	86,730,450	-	86,730,450
Depreciation and amortization	(37,025,529)	(23,040,420)	(60,065,949)
Balance at December 31, 2024	54,179,647	131,554,237	185,733,884
Balance at January 1, 2023			
Depreciation and amortization	7,979,187	177,657,259	185,636,446
	(3,504,461)	(23,062,602)	(26,567,063)
Balance at December 31, 2023	4,474,726	154,594,657	159,069,383

As at December 31, 2025 and 2024, the Group does not have any contractual commitments for acquisition of property and equipment.

None of the Group's property and equipment are used as collateral for its interest-bearing loans and borrowings.

14. OTHER NON-CURRENT ASSETS

This account consists of:

(Amounts in PHP)	Note	**2025**	2024
Goodwill – net		**1,307,776,964**	1,307,776,964
Guarantee and other deposits		**1,030,792,967**	1,059,801,252
Deferred commission	19.3	**184,981,046**	158,215,084
Leasehold rights – net		**62,686,949**	69,652,166
Miscellaneous		**595,079,493**	359,117,597
		3,181,317,419	2,954,563,063

Goodwill primarily relates to growth expectations arising from operational efficiencies that will be achieved by combining the resources, skills and expertise of the Parent Company and its subsidiaries. Significant portion of the total goodwill is allocated to GERI, MLI, and STLI amounting to P947.1 million, P255.1 million and P94.9 million, respectively. The remaining P10.7 million is allocated to other subsidiaries.

The recoverable amounts of the cash generating units assigned to GERI, MLI and STLI are P101.9 billion, P2.2 billion and P4.9 billion, respectively, at end of 2025 and P89.1 billion, P1.4 billion and P4.3 billion, respectively, at end of 2024. These were computed using cash flows projections covering a five-year period and extrapolating cash flows using a conservative steady growth rate of 3.0% in both 2025 and 2024. The aggregate recoverable amounts of the cash generating units assigned to other subsidiaries is P160.3 million and P150.2 million in 2025 and 2024, respectively, while the average growth rate used in extrapolating cash flows covering five-year projections is 5%. The average discount rates applied in determining the present value of future cash flows is 6.7% in 2025 and 7.2% in 2024.

The discount rates and growth rates are the key assumptions used by management in determining the value in use of the cash generating units. Based on management's analysis, no impairment is required to be recognized on goodwill. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying value of the cash generating units to exceed their respective value in use.

Goodwill is subject to annual impairment testing while leasehold rights is subject to testing whenever there is an indication of impairment. In 2024, an impairment loss amounting to P77.3 million on goodwill was recognized in relation to EELHI's goodwill on LBASSI which is presented as part of Impairment and other losses under Interest and Other Charges in the 2024 consolidated statement of income. There was no similar transaction in 2025 and 2023.

Leasehold rights represent separately identifiable assets recognized from the acquisition of GPARC and is amortized over a period of 20 years. Leasehold rights amortization amounted to P7.0 million each in 2025, 2024 and 2023, and is presented as part of Depreciation and amortization under Operating Expenses account in the consolidated statements of income (see Note 21).

Guarantee deposits mainly pertain to payments made for compliance with construction requirements in relation to the Group's real estate projects.

Miscellaneous assets include certain intangible and other assets, which are expected to be realized for more than 12 months from the end of the reporting periods.

15. INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings account represents the following loans of the Group as at December 31:

(Amounts in PHP)	**2025**	2024
Parent Company:		
Php-denominated	**45,115,179,457**	48,245,164,379
U.S. dollar-denominated	**15,917,331,907**	20,523,591,910
	61,032,511,364	68,768,756,289
Subsidiaries –		
Php-denominated	**21,992,680,195**	21,224,754,742
	83,025,191,559	89,993,511,031

The current and non-current classification of the Group's Interest-bearing loans and borrowings is shown below.

(Amounts in PHP)	**2025**	2024
Current	**21,035,798,264**	21,405,997,726
Non-current	**61,989,393,295**	68,587,513,305
	83,025,191,559	89,993,511,031

The Group is required to maintain certain financial ratios to comply with its debt covenants with local banks. These include debt to equity ratio, current ratio and debt service coverage ratio. The Group is compliant with its debt covenants.

Finance costs arising from interest-bearing loans that are mainly and directly attributable to construction of the Group's projects are capitalized as part of Inventories (as of December 31, 2023) and Investment Properties accounts. The remaining interest costs are expensed outright.

The total finance costs attributable to all the loans of the Group amounted to P5,342.0 million, P5,265.7 million and P3,774.9 million in 2025, 2024 and 2023, respectively. Of these amounts, portion charged as expense amounted to P2,241.5 million, P2,275.1 million and P1,454.1 million in 2025, 2024 and 2023, respectively, and are presented as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 23). Interest capitalized in 2025, 2024 and 2023 amounted to P3,100.4 million, P2,990.6 million and P2,320.7 million, respectively. The outstanding interest payable as at December 31, 2025 and 2024 is presented as part of Accrued Interests under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The capitalization rates used in determining the amount of interest charges qualified for capitalization to Investment Properties – net in 2025, 2024 and 2023 are 5.97%, 3.79% and 3.23% in 2025, 2024 and 2023, respectively.

The reconciliation of the unamortized loans issue costs is presented below.

(Amounts in PHP)	**2025**	2024	2023
Balance at beginning of year	**395,708,888**	312,923,008	153,325,001
Additions	**105,000,000**	258,743,291	242,727,000
Amortization	**(173,358,589)**	(175,957,411)	(83,128,993)
Balance at end of the year	**327,350,299**	395,708,888	312,923,008

The amortization of loans issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

15.1 Parent Company

(a) Philippine Peso, five-year loan due 2025

In March 2020, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of two years upon availment. The principal repayment on the loan commenced in June 2022 and a floating interest is paid quarterly based on a five-day average reference rate plus a certain spread. In 2025, the Parent Company fully paid its outstanding balance.

(b) *Philippine Peso, five-year loan due 2026*

In March 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with a grace period of one year upon availment. The principal repayment on the loan commenced in March 2022. Interest on the loan is fixed at 4.00% payable quarterly.

(c) *Philippine Peso, five-year loan due 2026*

In May 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P6.0 billion. The loan is payable quarterly beginning August 2022. The interest is payable quarterly at a floating rate.

(d) *Philippine Peso, five-year loan due 2026*

In August 2021, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable quarterly for a term of five years with the first principal payment due in November 2022. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(e) *Philippine Peso, five-year loan due 2027*

In September 2022, the Parent Company obtained an unsecured P10.0 billion loan from a local bank. Principal is payable in quarterly installments at the end of the 5th quarter from the drawdown date. The loan is payable quarterly beginning December 2023. The interest is payable quarterly at a floating rate.

(f) *Philippine Peso, five-year loan due 2028*

In March 2023, the Parent Company obtained a loan of P5.0 billion from a local bank. Interest on the loan is payable semi-annually for the first 184 days with 6.35% per annum inclusive of gross receipt tax which is subject to semi-annual repricing interest rate. The loan is payable quarterly for a term of five years with the first principal payment due in June 2024. The interest is payable semi-annually at a floating rate.

(g) *Philippine Peso, five-year loan due 2028*

In June 2023, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P10.0 billion, divided equally into two tranches. The two tranches were availed in June and November 2023, respectively. The loan is payable quarterly for a term of five years with a twelve-month grace period. Interest in the loan is payable quarterly on a floating rate.

(h) *U.S Dollar, five-year loan due 2028*

In April 2023, the Parent Company obtained an unsecured long-term loan from a local bank amounting to $200.0 million. The loan shall be paid in sixteen equal or nearly equal consecutive installments commencing at the end of the fifth quarter from the date of borrowing on a repayment date. Each installment shall be paid on a repayment date with fixed interest rate of 4.64%.

(i) Philippine Peso, five-year loan due 2029

In March 2024, the Parent Company obtained an unsecured long-term loan from a local bank amounting to $180.5 million. The loan is payable quarterly for a term of five years with the first principal payment due in June 2025. The interest is payable quarterly at a fixed rate. The Parent Company entered a cross-currency swap to hedge the US Dollar exchange rate, and a fixed-to-floating interest rate swap based on a three-month BVAL reference rate plus a certain spread (see Note 29).

(j) Philippine Peso five year loan due 2029

In March 2024, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P10.0 billion, divided equally into two tranches, which the Company fully availed in 2024. The loan is payable quarterly for a term of five years with the first principal payment due in March 2025. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(k) Philippine Peso seven-year loan due 2031

In November 2024, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P4.0 billion. The loan is payable quarterly for a term of seven years with the first principal payment due in February 2027. Interest is payable semi-annually at a floating rate based on a reference rate plus a certain spread.

(l) Philippine Peso seven-year loan due 2031

In December 2024, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P9.0 billion. The loan is payable quarterly for a term of seven years with the first principal payment due in December 2025. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

(m) Philippine Peso seven-year loan due 2031

In June 2025, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P4.0 billion. The loan is payable on a quarterly basis with the first principal payment due in February 2027. Interest is payable semi-annually at a floating rate equivalent to the higher of the sum of a reference rate and a certain spread or a prescribed floor rate.

(n) Philippine Peso seven-year loan due 2032

In October 2025, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P6.0 billion. The loan is payable on a quarterly basis over a term of seven years with the first principal payment due in January 2028. Interest is payable quarterly at a floating rate based on a reference rate plus a certain spread.

15.2 EELHI

Philippine Peso, seven-year loan due in 2028

In 2021, EELHI obtained an unsecured interest-bearing, seven-year, P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate of 3.5% per annum. The proceeds of the loan were used to fund the development of its various real estate projects. The principal of the loan is payable in 20 equal quarterly payments starting in May 2023 with a two-year grace period and interest is payable quarterly in arrears.

15.3 SPI

(a) Philippine Peso, five-year loan due in 2025

In 2018, SPI obtained an unsecured long-term loan from a local bank amounting to P2.2 billion. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loan bears 4.50% floating interest subject to repricing every 30 to 180 days and will mature in 2025. The proceeds of the loan were used to fund the acquisition of STLI in 2018. The loan was fully settled in 2025.

(b) Philippine peso, seven-year loan due in 2027

In 2020, SPI obtained an unsecured long-term loan from a local bank amounting to P300.0 million. The loan bears fixed interest of 4.50%. The principal amount is payable on a monthly basis after a grace period of two years from the date of availment.

(c) Philippine Peso, various six-year loans due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P400.0 million and P200.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bear fixed interest rates of 4.38% and 4.50%, respectively.

(d) Philippine Peso, six-year loan due in 2027

In 2021, SPI obtained an unsecured long-term loan from a local bank amounting to P100.0 million. The principal amount is payable on a monthly basis after a grace period of three years from the date of availment. The loans bears floating interest rate of 4.38% subject to quarterly repricing.

(e) Philippine Peso, seven-year loan due in 2029

In 2022, SPI obtained an unsecured long-term loan from a local bank amounting to P500.0 million. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 5%.

(f) Philippine Peso, various six-year loan due in 2029

In 2023, SPI obtained two unsecured long-term loans from a local bank amounting to P1.0 billion and P0.5 billion. The principal amount is payable monthly after a grace period of three years from the date of availment. The loan bears fixed interest rate of 7.13% for both loans.

(g) Philippine Peso, liability on assigned receivables

SPI obtains various loans from a local bank through assignment of trade receivables with recourse (see Note 6). The local bank is given the right to collect the assigned receivables and apply the collections to the corresponding loan balances. The loans bear floating interests ranging from 5.50% to 15.00%. The loans and interests are being paid as the receivables are collected. The outstanding balance pertaining to these loans as at December 31, 2025 and 2024 amounted to P0.6 billion and P0.1 billion, respectively.

The assigned trade receivables have an average term between 10 to 15 years and bear interests between 10% to 15%. The carrying value of assigned receivables is equal to the outstanding balance of the loan as at December 31, 2025 and 2024 and none were found to be impaired.

(h) Philippine Peso, short-term loan in 2025

In February 2025, SPI obtained an unsecured short-term loan from a local bank amounting to P500.0 million. The loan bears a fixed annual interest rate of 7.75%, with interest payable monthly from the date of availment. The principal is payable in full at the end of the loan term. The loan was fully settled in November 2025.

15.4 GERI

(a) Philippine Peso, five-year loan due 2027

In December 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of one year upon availment. The principal repayment on the loan shall commence in March 2022. The loan bears a floating interest rate and is payable quarterly in arrears.

(b) Philippine Peso, seven-year loan due 2027

In March 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of seven years with a grace period of two years upon availment. The loan bears a floating interest rate and is payable quarterly in arrears.

(c) Philippine Peso, four-year loan due 2025

In July 2021, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of four years commencing at the beginning of the fifth quarter from the date of availment. The loan bears a fixed interest rate of 5.37% and is payable quarterly in arrears. The loan was fully settled in 2025.

(d) Philippine Peso, five-year loan due 2025

In September 2020, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years commencing on the beginning of the ninth quarter from the date of availment. The loan bears a fixed interest rate of 5.26% and is payable quarterly in arrears. The loan was fully settled in 2025.

(e) Philippine Peso, five-year loan due 2028

In May 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(f) Philippine Peso, five-year loan due 2028

In October 2023, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years. The loan bears a floating interest rate and is payable quarterly in arrears.

(g) Philippine Peso, five-year loan due 2028

In December 2023, GERI obtained an unsecured long-term loan facility from a local bank amounting to P2.0 billion, in which P1.5 billion have already been availed as at period date. The loan is payable quarterly for a term of five years, bears a floating interest rate and is payable quarterly in arrears.

(h) Philippine Peso, four-year loan due 2028

In April 2024, GERI obtained an unsecured long-term loan from a local bank amounting to P0.5 billion. The loan is payable quarterly for a term of five years, bears a floating interest rate and is payable quarterly in arrears.

(i) Philippine Peso, seven-year loan due 2031

In October 2024, GERI obtained an unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of seven years, bears a floating interest rate and is payable quarterly in arrears.

(j) Philippine Peso, seven-year loan due 2032

In May 2025, GERI obtained an unsecured long-term loan from a local bank amounting to P1.5 billion. The loan is payable quarterly for a term of seven years with a twenty-four month grace period. Interest in the loan is payable quarterly on a floating rate.

(k) Philippine Peso, five-year loan due 2030

In August 2025, GERI obtained unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of five years with a twelve-month grace period. Interest in the loan is payable quarterly on a floating rate.

(l) Philippine Peso, six-year loan due 2031

In September 2025, GERI obtained unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of six years with a fifteen-month grace period. Interest in the loan is payable quarterly on a floating rate.

(m) Philippine Peso, seven-year loan due 2032

In November 2025, GERI obtained unsecured long-term loan from a local bank amounting to P1.0 billion. The loan is payable quarterly for a term of seven years with a twenty-four-month grace period. Interest in the loan is payable quarterly on a floating rate.

15.5 TLC

Philippine Peso, five-year loan due 2028

In June 2023, TLC obtained unsecured interest-bearing loans from a local commercial bank amounting to P1.5 billion to finance capital expenditure related to various on-going real estate development projects. The loan bears a floating interest rates with a floor rate of 6.75%. Quarterly installments commencing at the 5th quarter from the date of the initial drawdown.

15.6 MREIT

Philippine Peso, ten-year loan due 2031

In December 2021, MREIT obtained an unsecured, 10-year, P7.25 billion term loan from a local bank to finance the acquisition of investment properties from the Parent Company. The principal is payable quarterly in installment beginning in the last quarter of the fifth year with a balloon payment at the end of the term. Interest is payable quarterly at 3.64% per annum subject to repricing in December 2024.

15.7 MBPHI

Philippine Peso, five-year loan due 2028

In 2023, MBPHI obtained an unsecured long-term peso loan from a local commercial bank to support its funding requirements of the construction of various projects, which amounted to P 3.0 billion. The principal amount is payable equal quarterly amortization over the next four years after a grace period of one year. The loan bears a floating interest rate.

16. BONDS AND NOTES PAYABLE

On July 30, 2020, the Parent Company issued seven-year senior unsecured notes totaling to U.S. $350 million. The notes carry a coupon rate of 4.125% per annum and interest is payable semi-annually in arrears on January 30 and July 30. The notes shall mature on July 30, 2027. The notes are listed in the Singapore Exchange Securities Trading Limited (SGX-ST).

The Parent Company has complied with bond covenants including maintenance of required net debt to equity ratio at the end of reporting periods.

The total interest incurred on these bonds amounted to P920.9 million, P1,090.3 million and P1,692.7 million in 2025, 2024 and 2023, respectively. Of these amounts, the portion charged as expense amounted to P499.6 million, P734.5 million and P954.7 million in 2025, 2024 and 2023, respectively, and are presented as part of Interest expense under Interest and Other Charges account in the consolidated statements of income (see Note 23). The outstanding interest payable as at December 31, 2025 and 2024 is presented as part of Accrued interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). Unrealized foreign currency gains in relation to these foreign bonds are presented as part of Foreign currency losses – net under Interest and Other Charges – net account in the consolidated statements of income (see Note 23).

Interest capitalized amounted to P329.0 million, P355.8 million and P642.3 million in 2025, 2024 and 2023, respectively. Capitalization rates used to determine the amount of interest charges qualified for capitalization to Investment Properties – net in 2025, 2024 and 2023 and Inventories in 2023 and are 3.22% in 2025, 3.55% in 2024 and 2.89% in 2023.

The reconciliation of the unamortized bonds issue costs is presented below.

(Amounts in PHP)	**2025**	2024	2023
Balance at beginning of year	**181,687,730**	271,840,029	367,603,203
Amortization	**(26,968,057)**	(90,152,299)	(95,763,174)
Balance at end of year	**154,719,673**	181,687,730	271,840,029

The amortization of bonds issue costs is recognized as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income.

17. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Notes	**2025**	2024
Trade payables		**21,806,904,459**	18,937,046,859
Retention payable		**5,867,927,001**	5,855,293,275
Refund liability		**2,572,865,349**	1,834,817,397
Accrued interest	15, 16	**775,886,293**	792,574,114
Miscellaneous		**1,871,470,666**	1,413,051,700
		32,895,053,768	28,832,783,345

Trade payables mainly represent obligations to subcontractors and suppliers of construction materials for the Group's projects.

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are returned to the contractors. The non-current portion of Retention payable is presented as under Other Non-Current Liabilities in the consolidated statements of financial position (see Note 18).

Refund liability pertains to amounts payable to customers due to sales cancellation in respect of installment sales contracts as covered by the R.A. No. 6552, *Realty Installment Buyer Protection Act,* otherwise known as the Maceda Law.

Miscellaneous payables include withholding taxes payable and accrual of salaries, wages and utilities.

18. OTHER LIABILITIES

This account consists of:

(Amounts in PHP)	Note	**2025**	2024
Current:			
Unearned income		**4,041,708,234**	3,957,932,912
Advances from customer		**2,421,130,639**	2,302,062,430
Commission payable		**1,799,851,408**	2,301,575,916
Lease liabilities		**47,640,911**	10,413,089
Other payables		**630,172,159**	646,396,940
		8,940,503,351	9,218,381,287
Non-current:			
Deferred rent – net		**3,971,468,435**	3,454,076,214
Retention payable	17	**1,773,176,626**	1,772,618,984
Lease liabilities		**459,026,808**	526,522,595
Other payables		**87,339,534**	160,925,081
		6,291,011,403	5,914,142,874
		15,231,514,754	15,132,524,161

Unearned income includes the current portion of deferred rent and advance payment for other administrative services in relation to the lease.

Deferred rental income refers to the rental payments advanced by the lessee at the inception of the lease which will be applied to the remaining payments at the end of the lease term.

Other current payables mainly pertain to guest deposits from hotels and due to unit owners.

Other non-current payables include certain liabilities to various counterparties within the ordinary course of business, which are expected to be settled beyond 12 months from the end of the reporting periods.

The total cash outflows relating to lease liabilities for the years ended December 31, 2025 and 2024 are shown below:

(Amounts in PHP)	Note	**2025**	2024
Principal of lease liability		**32,849,602**	46,186,820
Interest on lease liability	23	**40,709,818**	40,349,443
		73,559,420	86,536,263

The maturity analysis of lease liabilities as at December 31 is presented as follows:

(Amounts in PHP)	**Lease Payment**	**Finance Charges**	**Net Present Value**
2025			
Within one year	86,130,948	(38,490,037)	47,640,911
After one year but not more than two years	72,190,286	(36,451,520)	35,738,766
After two years but not more than three years	75,179,285	(34,249,591)	40,929,694
After three years but not more than four years	41,220,207	(32,588,631)	8,631,576
After four years but not more than five years	42,553,740	(31,834,751)	10,718,989
More than five years	664,271,987	(301,264,204)	363,007,783
Net carrying amount	**981,546,453**	**(474,878,734)**	**506,667,719**
2024			
Within one year	50,762,532	(40,349,443)	10,413,089
After one year but not more than two years	71,931,225	(38,395,661)	33,535,564
After two years but not more than three years	70,907,882	(36,414,454)	34,493,428
After three years but not more than four years	74,705,217	(34,235,295)	40,469,922
After four years but not more than five years	41,220,207	(32,588,631)	8,631,576
More than five years	742,491,061	(333,098,956)	409,392,105
Net carrying amount	1,052,018,124	(515,082,440)	536,935,684

The Group has elected not to recognize a lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The expenses relating to short term leases amounting to P267.8 million, P261.0 million and P134.3 million in 2025, 2024 and 2023, respectively, are presented as Rent under Operating Expenses under Cost and Expenses in the consolidated statements of income (see Note 21).

19. REVENUES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and hotel operations. An analysis of the Group's major sources of revenues and the types of products and services is presented below.

	Segments		
(Amounts in PHP)	**Real Estate**	**Hotel Operations**	**Total**
2025			
Residential and office units	40,910,004,776	-	40,910,004,776
Lots only	9,122,288,679	-	9,122,288,679
Room accommodation	-	3,763,005,465	3,763,005,465
Food and beverages	-	1,586,088,999	1,586,088,999
Other hotel services	-	234,120,039	234,120,039
Revenues from contracts with customers	50,032,293,455	5,583,214,503	55,615,507,958
Interest from significant financing component – net	1,721,983,668	-	1,721,983,668
	51,754,277,123	**5,583,214,503**	**57,337,491,626**
2024			
Residential and office units	40,046,093,503	-	40,046,093,503
Lots only	10,204,300,514	-	10,204,300,514
Room accommodation	-	3,459,442,986	3,459,442,986
Food and beverages	-	1,435,258,880	1,435,258,880
Other hotel services	-	212,345,534	212,345,534
Revenues from contracts with customers	50,250,394,017	5,107,047,400	55,357,441,417
Interest from significant financing component – net	738,084,069	-	738,084,069
	50,988,478,086	5,107,047,400	56,095,525,486
2023			
Residential and office units	35,284,062,846	-	35,284,062,846
Lots only	7,437,052,376	-	7,437,052,376
Room accommodation	-	2,438,940,536	2,438,940,536
Food and beverages	-	1,206,195,298	1,206,195,298
Other hotel services	-	161,928,111	161,928,111
Revenues from contracts with customers	42,721,115,222	3,807,063,945	46,528,179,167

In 2025 and 2024, the Group recognized interest from significant financing component on real estate sales contracts amounting to P1,722.0 million and P738.1 million, respectively and is presented as part of Real Estate Sales account in the 2025 and 2024 consolidated statements of income [see Note 2.2(b)].

19.2 Contract Accounts

The significant changes in the contract assets and contract liabilities balances as at December 31 are as follows:

(Amounts in PHP)	**2025**		2024	
	Contract Assets	**Contract Liabilities**	Contract Assets	Contract Liabilities
Balance at beginning of year	**35,515,792,121**	**6,584,494,382**	25,721,450,330	7,456,743,395
Effect of restatements [see Note 2.2(b)]	**-**	**-**	(1,567,893,026)	(244,408,736)
As restated	**35,515,792,121**	**6,584,494,382**	24,153,557,304	7,212,334,659
Transfers from contract assets recognized at the beginning of year to trade receivables	**(11,345,024,502)**	-	(3,884,617,375)	-
Increase due to satisfaction of performance obligation over time, net of cash collections	**9,048,451,302**	-	15,012,542,180	-
Accretion of interest income from significant financing component	**996,683,611**	-	234,310,012	-
Revenue recognized that was included in contract liability at the beginning of year	**-**	**(2,541,128,613)**	-	(2,965,272,658)
Accretion of interest expense from significant financing component	**-**	**358,874,623**	-	532,456,000
Increase due to cash received in excess of performance to date	**-**	**689,467,304**	-	1,804,976,381
Balance at end of year	**34,215,902,532**	**5,091,707,696**	35,515,792,121	6,584,494,382

The current and non-current classification of the Group's Contract Assets account as presented in the consolidated statements of financial position is shown below.

(Amounts in PHP)	**2025**	2024
Current	**26,287,777,868**	22,818,989,860
Non-current	**7,928,124,664**	12,696,802,261
	34,215,902,532	35,515,792,121

The current and non-current classification of the Group's Contract Liabilities account as presented in the consolidated statements of financial position is shown below.

(Amounts in PHP)	**2025**	2024
Current	**1,050,338,907**	1,669,576,401
Non-current	**4,041,368,789**	4,914,917,981
	5,091,707,696	6,584,494,382

The outstanding balance of trade receivables arising from real estate sales and hotel operations presented as part of Trade Receivables under Trade and Other Receivables account in the consolidated statements of financial position, amounted to P47.8 billion and P38.8 billion as at December 31, 2025 and 2024, respectively (see Note 6).

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization is presented as part of Commission under Operating Expenses (see Note 21).

The movements in the balances of deferred commission in 2025 and 2024 is presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**2,127,254,023**	2,397,273,433
Additional capitalized costs, net of sales cancellations	**2,479,734,706**	2,165,061,277
Amortization for the year	**(2,514,040,769)**	(2,435,080,687)
Balance at end of year	**2,092,947,960**	2,127,254,023

Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets, and Other Non-current Asset accounts in the consolidated statements of financial position as shown below.

(Amounts in PHP)	Notes	**2025**	2024
Current	8	**1,907,966,914**	1,969,038,939
Non-current	14	**184,981,046**	158,215,084
		2,092,947,960	2,127,254,023

19.4 Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P24.7 billion and P27.1 billion as at December 31, 2025 and 2024, respectively, which the Group expects to recognize as follows:

(Amounts in PHP)	**2025**	2024
Within a year	**13,121,097,231**	15,376,785,248
More than one year to three years	**9,317,370,937**	8,627,310,877
More than three to five years	**2,237,217,280**	3,140,684,556
	24,675,685,448	27,144,780,681

20. DIRECT COSTS

20.1 Cost of Real Estate Sales

The nature of the cost of real estate sales for the years ended December 31 are as follows:

(Amounts in PHP)	**2025**	2024	2023
Contracted services	**21,201,292,196**	21,452,258,280	17,641,717,864
Land cost	**3,559,230,985**	3,298,972,977	2,840,510,272
Borrowing cost	**-**	-	810,171,996
Other costs	**322,757,317**	629,890,414	312,285,008
	25,083,280,498	25,381,121,671	21,604,685,140

20.2 Cost of Hotel Operations

The nature of the cost of hotel operations for the years ended December 31 are as follows:

(Amounts in PHP)	Note	**2025**	2024	2023
Salaries and employee benefits	24.1	**916,198,440**	753,094,722	565,144,533
Rent		**561,722,312**	597,289,718	453,268,304
Food and beverage		**534,460,254**	510,104,082	415,911,229
Utilities		**477,249,815**	486,145,263	356,013,260
Hotel operating supplies		**330,563,801**	310,384,605	256,512,988
Outside services		**253,718,273**	151,404,736	44,998,529
Miscellaneous		**258,622,191**	157,329,446	93,927,790
		3,332,535,086	2,965,752,572	2,185,776,633

Miscellaneous includes expenses for insurance, transportation, representation and entertainment, communication, and other incidental expenses under the ordinary course of hotel operations.

21. OPERATING EXPENSES

Presented below are the details of this account.

(Amounts in PHP)	Notes	**2025**	2024	2023
Salaries and employee benefits	24.1	**5,593,610,820**	4,966,733,739	4,316,413,028
Depreciation and amortization	12, 13, 14	**3,708,473,620**	3,655,645,823	3,480,324,608
Commission	19.3	**2,514,040,769**	2,435,080,687	2,043,672,808
Taxes and licenses		**1,752,904,236**	1,547,008,428	1,197,933,191
Outside services		**1,738,365,216**	1,343,648,492	1,090,409,464
Utilities and supplies		**1,578,424,453**	1,338,336,925	1,127,498,084
Advertising and promotions		**1,429,817,710**	1,320,296,007	1,094,882,795
Association dues		**973,492,407**	679,008,987	493,227,240
Professional fees		**760,540,919**	722,352,722	697,028,979
Transportation		**593,681,056**	454,711,361	368,403,510
Rent	18	**267,800,145**	261,039,201	134,276,561
Donation		**59,821,609**	131,343,715	104,414,421
Miscellaneous		**1,098,499,638**	979,724,572	810,775,606
		22,069,472,598	19,834,930,659	16,959,260,295

Miscellaneous operating expenses include repairs and maintenance, insurance expense, and training and development expense.

22. INTEREST AND OTHER INCOME

Presented below are the details of this account.

(Amounts in PHP)	Notes	**2025**	2024	2023
Interest income	5, 6, 26.1	**2,175,132,954**	3,100,666,819	3,670,393,006
Other income:				
Property management, commission and construction income		**2,671,300,854**	2,444,212,541	1,118,911,091
Gain on sale of SUN shares	11.1	**1,480,403,350**	-	-
Dividend income	9, 26.4	**102,409,259**	80,298,237	36,495,750
Foreign currency gains – net	5, 15, 16	**-**	-	257,434,915
Miscellaneous – net	6, 29, 30.1(b)	**325,210,750**	288,559,884	262,275,514
		6,754,457,167	5,913,737,481	5,345,510,276

In 2024, the Group derecognized its finance lease receivables, resulting in a recognition of gain amounting to P16.6 million, which is presented as part of Miscellaneous – net under Interest and Other Income – net in the 2024 consolidated statement of income.

In 2025, the Group recognized additional share in SUN's losses amounting to P1,131.7 million which thereby reduced the carrying amount of the Group's investment in associate to nil. Also in 2025, the Parent Company disposed of its ownership interest in SUN for a total proceeds amounting to P1,480.4 million (see Note 11.1). A gain on sale equal to the amount of proceeds was recognized by the Group in the 2025 consolidated statement of income. There was no similar transaction in 2024 and 2023.

In addition, the gain arising from the remeasurement of the retained interest is presented as part of Miscellaneous – Net under Interest and Other Income account in the 2025 consolidated statement of income. There was no similar transaction in 2024 and 2023.

23. INTEREST AND OTHER CHARGES

Presented below are the details of this account.

(Amounts in PHP)	Notes	**2025**	2024	2023
Interest expense	6, 10.2, 15, 16, 18, 24.3	**2,869,752,431**	3,050,238,241	2,635,396,341
Other charges:				
Impairment and other losses	6	**1,550,696,569**	1,614,454,214	976,656,527
Foreign currency losses – net	15, 16	**245,317,661**	1,251,660,636	-
Day one loss	6	**-**	-	923,414,356
Miscellaneous – net		**706,784,158**	424,178,001	521,245,831
		5,372,550,819	6,340,531,092	5,056,713,055

Impairment and other losses include net losses from backout sales and impairment losses from trade receivables.

Miscellaneous charges pertain to amortization of discounts on security deposits, bank charges and other related fees.

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Short-term benefits		**6,375,012,281**	5,632,392,987	4,824,606,429
Employee share option benefit	24.2, 27.6	**9,865,781**	10,337,382	3,586,229
Post-employment benefits	24.3	**124,931,198**	77,098,092	53,364,903
		6,509,809,260	5,719,828,461	4,881,557,561

Salaries and employee benefits are presented in the statements of income as follows.

(Amounts in PHP)	Notes	**2025**	2024	2023
Cost of hotel operations	20.2	**916,198,440**	753,094,722	565,144,533
Operating expenses	21	**5,593,610,820**	4,966,733,739	4,316,413,028
		6,509,809,260	5,719,828,461	4,881,557,561

24.2 Employee Share Option Plan (ESOP)

The Group's share option benefit expense includes the amounts recognized by the Parent Company and GERI over the vesting period granted by them. As at December 31, 2025 and 2024, all 400.0 million shares of GERI's options were fully vested, but none of these have been exercised by any of the option holders.

As at December 31, 2025 and 2024, and 2023, 45.0 million, 45.0 million and 35.0 million, respectively, of the Parent Company's shares options were fully vested.

Employee option benefits expense, included as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income, amounted to P9.9 million, P10.3 million and P3.6 million in 2025, 2024 and 2023, respectively (see Note 24.1).

24.3 Post-employment Defined Benefit Plan

(a) Characteristics of Defined Benefit Plan

The Group maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by trustee banks. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of plan salary for every year of credited service, but shall not be less than the regulatory benefit under R.A. 7641, *The Retirement Pay Law,* or the applicable retirement law at the time of the member's retirement.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from independent actuaries in 2025 and 2024.

The amounts of retirement benefit obligation, presented as non-current liability in the consolidated statements of financial position, are as follows:

(Amounts in PHP)	**2025**	2024
Present value of the obligation	**1,588,804,456**	1,422,520,196
Fair value of plan assets	**(617,060,033)**	(552,578,802)
Net defined benefit liability	**971,744,423**	869,941,394

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**1,422,520,196**	1,288,064,758
Interest costs	**74,670,867**	80,390,299
Current service costs	**124,931,198**	77,098,092
Transfer out arising from deconsolidation	**(12,313,555)**	-
Benefits paid	**(44,224,740)**	(202,787,695)
Remeasurements -		
Actuarial losses (gains) arising from changes in:		
Financial assumptions	**33,526,439**	23,463,906
Experience adjustments	**(10,305,949)**	156,290,836
Balance at end of year	**1,588,804,456**	1,422,520,196

The movements in the fair value of plan assets are presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**552,578,802**	669,858,761
Contribution received	**74,000,000**	27,250,000
Interest income	**30,274,570**	39,754,995
Benefits paid	**(35,908,403)**	(180,520,568)
Loss on plan assets (excluding amount included in net interest cost)	**(3,884,936)**	(3,764,386)
Balance at end of year	**617,060,033**	552,578,802

The fair value of plan assets is composed of the following (in millions):

(Amounts in PHP)	**2025**	2024
Cash and cash equivalents	**361.6**	473.3
Investment in marketable securities		
Equity securities	**44.7**	32.4
Debt securities	**210.8**	46.9
	617.1	552.6

Debt securities pertain to corporate and government securities while equity securities consist of investments in publicly listed corporations.

As at December 31, 2025 and 2024, the funds include investments in securities of its related parties (see Note 26).

The plan assets include investments in debt securities issued by entities within the Group with carrying amount and fair value as at December 31, 2025 of P212.7 million and P210.8 million, respectively, while the carrying amount and fair value as at December 31, 2024 amounted to P46.9 million and P45.8 million, respectively. Unrealized fair value losses on these securities as at December 31, 2025 and 2024 amounted to P1.9 million and P0.7 million, respectively.

The plan assets include investments in equity securities issued by entities within the Group with carrying amount and fair value as at December 31, 2025 of P44.4 million and P44.7 million, respectively, while the carrying amount and fair value as at December 31, 2024 amounted to P40.0 million and P33.1 million, respectively. Unrealized fair value gain on these securities as at December 31, 2025 amounted to P0.3 million while unrealized fair value loss on these securities as at December 31, 2024 amounted to P6.9 million.

Plan assets of the Parent Company include own financial instruments of a certain listed subsidiary of the Parent Company (see Note 26.7).

The contributions to the retirement plan are made annually by the Group. The amount of contributions to the retirement plan is determined based on the expected benefit payments that the Group will incur within five years.

Actual return on plan assets were P26.4 million, P35.8 million and P87.6 million in 2025, 2024 and 2023, respectively.

The fair value of plan assets is at Level 1 in the fair value hierarchy for equity securities and Level 2 for debt securities.

The components of amounts recognized in the consolidated statements of income and consolidated statements other comprehensive income in respect of the post-employment defined benefit plan are as follows:

(Amounts in PHP)	Notes	**2025**	2024	2023
Reported in consolidated statements of income:				
Current service costs	24.1	**124,931,198**	77,098,092	53,364,903
Net interest costs	23	**44,396,297**	40,635,304	13,761,597
		169,327,495	117,733,396	67,126,500
Reported in consolidated statements of comprehensive income:				
Actuarial gains (losses) arising from changes in:				
Experience adjustments		**10,305,949**	(156,290,836)	(16,007,819)
Financial assumptions		**(33,526,439)**	(23,463,906)	(244,515,099)
Loss on plan assets (excluding amounts included in net interest expense)		**(3,884,936)**	(3,764,386)	(8,328,527)
		(27,105,426)	(183,519,128)	(268,851,445)
Tax income	25	**6,744,521**	32,067,402	65,908,044
		(20,360,905)	(151,451,726)	(202,943,401)

Current service costs are presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 21 and 24.1). The net interest costs are included as part of Interest expense under Interest and Other Charges – net account in the consolidated statements of income (see Note 23).

Amounts recognized in consolidated other comprehensive income were included within items that will not be reclassified subsequently to consolidated profit or loss.

In determining the amounts of the retirement benefit obligation, the following significant actuarial assumptions were used:

	2025	2024	2023
Discount rates	**5.95% - 6.50%**	6.00% - 6.20%	5.20% - 7.00%
Expected rate of salary increases	**3.00% - 10.00%**	3.00% - 7.00%	3.00% - 10.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25 years for both males and females. These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategies, and the timing and uncertainty of future cash flows related to the retirement plan are shown below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as at December 31, 2025 and 2024:

	Impact on Retirement Benefit Obligation		
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2025			
Discount rate	**0.50% - 1.00%**	**(75,144,260)**	**84,500,784**
Salary increase rate	**1.00%**	**124,012,074**	**(113,258,820)**
December 31, 2024			
Discount rate	0.50% - 1.00%	(132,167,835)	162,515,335
Salary increase rate	1.00%	134,182,987	(112,306,072)

The sensitivity analysis presented in the previous page is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The Group, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategies to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The Group's objective is to maintain a level of funding sufficient to cover the projected retirement benefit obligation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk after 20 years when a significant number of employees is expected to retire.

The Group expects to make contributions of P146.2 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

(Amounts in PHP)	**2025**	2024
Within one year	**199,368,783**	235,467,167
More than one year to 5 years	**161,233,336**	218,285,710
More than 5 years to 10 years	**888,120,106**	892,213,579
More than 10 years to 15 years	**782,992,853**	744,244,632
More than 15 years to 20 years	**1,531,284,495**	1,675,343,509
More than 20 years	**7,080,796,008**	6,211,311,644
	10,643,795,581	9,976,866,241

The weighted average duration of the DBO at the end of the reporting period range from 7 to 17 years.

25. TAXES

The components of tax expense as reported in the consolidated statements of income and consolidated statements of comprehensive income are as follows:

(Amounts in PHP)	**2025**	2024	2023
Reported in consolidated statements of income:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%	**2,283,546,670**	1,814,573,057	1,461,727,558
Final tax at 15% and 7.5%	**93,650,725**	128,892,162	162,179,213
Minimum corporate income tax (MCIT) at 2.0% in 2025 and 2024, and 1.5% in 2023	**38,797,182**	45,691,894	4,887,056
Application of MCIT	**9,312,615**	8,275,818	-
Preferential tax rate	**3,671,975**	2,659,690	4,189,512
	2,428,979,167	2,000,092,621	1,632,983,339
Deferred tax expense relating to –			
Origination and reversal of temporary differences	**2,444,061,723**	3,208,133,614	2,822,755,525
	4,873,040,890	5,208,226,235	4,455,738,864
Reported in consolidated statements of comprehensive income –			
Deferred tax expense relating to –			
Origination and reversal of temporary differences	**1,175,283**	(1,624,163)	(45,139,740)

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of income is as follows:

(Amounts in PHP)	**2025**	2024	2023
Tax on pretax profit at 25%	**7,233,012,701**	6,718,727,751	5,964,077,092
Adjustment for income subjected to lower income tax rates	**(54,395,408)**	(25,233,733)	(68,149,843)
Tax effects of:			
Non-taxable income	**(2,891,354,779)**	(2,368,968,673)	(2,355,358,056)
Non-deductible expenses	**735,060,517**	643,060,817	975,073,954
Unrecognized deferred tax assets (liabilities) on temporary differences	**(45,531,275)**	33,171,877	(4,786,883)
Miscellaneous	**(103,750,866)**	207,468,196	(55,117,400)
	4,873,040,890	5,208,226,235	4,455,738,864

The deferred tax assets and liabilities relate to the following as at December 31:

(Amounts in PHP)	**2025**	2024
Deferred tax assets – net:		
NOLCO	**204,971,693**	258,158,602
MCIT	**57,891,030**	52,143,551
Retirement benefit obligation	**45,544,776**	31,513,671
Allowance for impairment of receivables	**11,930,035**	8,921,434
Allowance for property development costs	**7,689,776**	7,689,776
Others	**71,546,690**	66,442,533
	399,574,000	424,869,567
Deferred tax liabilities – net:		
Uncollected gross profit	**10,858,445,127**	9,990,405,340
Capitalized interest	**5,496,655,585**	5,330,136,352
Difference between the tax reporting base and financial reporting base of rental income	**1,438,423,014**	1,428,524,379
Unrealized foreign currency losses – net	**(974,506,153)**	(923,100,266)
Retirement benefit obligation	**(223,765,448)**	(181,831,105)
Bond issuance costs	**126,047,701**	133,479,451
Share options	**(60,941,232)**	(58,474,787)
Uncollected rental income	**28,402,712**	35,255,544
Others	**132,114,546**	130,600,429
	16,820,875,852	15,884,995,337

No deferred tax liability has been recognized on the accumulated equity in net earnings of associates. The Group has no liability for tax should the amounts be declared as dividends since dividend income received from domestic corporation is not subject to income tax.

Some of the entities within the Group are subject to MCIT which is computed at 2% of gross income in 2025 and 2024 (1.5% in 2023), net of allowable deductions as defined under the tax regulations.

The details of the Group's MCIT that are valid and deductible from future taxable income are as follows *(amounts in PHP)*:

Year	Original Amount	Valid Until
2025	36,179,118	2028
2024	21,278,768	2027
2023	15,626,138	2026
2021	17,464,096	2026
	90,548,120	

The details of the Group's NOLCO that are valid and deductible from future taxable income are as follows (*amounts in PHP*).

Year	Original Amount	Valid Until
2025	127,105,839	2028
2024	209,190,923	2027
2023	102,362,581	2026
2021	156,313,788	2026
	594,973,131	

Certain subsidiaries within the Group did not recognize the deferred tax assets on their MCIT and NOLCO as realization of such amounts is uncertain.

Except for certain subsidiaries, management has assessed that the net losses incurred, as well as the related NOLCO, can be recovered through future operations and are not significant to the overall financial condition and financial performance of the Group.

In 2025, 2024 and 2023, the Group opted to continue claiming itemized deductions, except for MDC and LFI in 2025, and MDC, LFI, and MCTI in 2024 and 2023, which opted to use optional standard deduction (OSD) in computing for income tax dues.

MREIT is registered as a real estate investment trust entity under R.A. 9846 which enjoys certain income tax-free incentives, including deductibility of dividend distribution (subject to certain conditions) and exemption from MCIT.

ECOC and SEDI are registered with the Philippine Economic Zone Authority (PEZA) pursuant to Presidential Proclamation No. 191 dated October 6, 1999. As PEZA-registered entities, ECOC and SEDI are entitled to a preferential tax rate of 5% on gross income earned from registered activities, in lieu of all local and national taxes, and to other tax privileges.

SPI's The Regal Homes project has qualified in the definition of socialized housing under Section 3(r) of R.A. 7279, *Urban Development and Housing Act of 1992*. Under Section 20 of R.A. 7279, private sector participating in socialized housing shall be exempted from the payment of project-related income taxes, capital gains tax on raw lands use for the project, VAT for the project concerned, transfer tax for both raw and completed projects, and donor's tax for both lands certified by the local government units to have been donated for socialized housing purposes.

26. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, associates, the Group's key management and other related parties under common ownership as described below.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Parent Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Group's transactions with its related parties as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023 are as follows:

(Amounts in PHP)		Amount of Transactions			Outstanding Investment/ Receivable (Payable)	
Related Party Category	Notes	**2025**	2024	2023	**2025**	2024
Ultimate Parent Company:						
Dividends paid	26.5	**(1,649,784,652)**	(1,275,301,604)	(996,805,764)	**-**	-
Investments in equity securities	26.4	**(122,106,000)**	(654,571,344)	(97,879,276)	**1,004,094,000**	1,126,200,000
Dividend income	26.4	**12,260,000**	12,260,000	23,680,470	**12,260,000**	12,260,000
Advances granted	26.2	**-**	-	**-**	**930,000,000**	930,000,000
Associates:						
Advances granted	26.2	**1,606,615**	1,343,736	383,639	**1,013,226,927**	1,011,620,312
Subscription payable		**-**	-	(1,114,655,508)	**-**	-
Related Parties Under Common Ownership:						
Reimbursement of construction costs	26.1	**-**	-	-	**-**	3,056,180,769
Advances availed (paid)	26.3	**(628,894,833)**	216,807,652	(879,566,092)	**(834,957,733)**	(1,463,852,566)
Rendering of services	26.1	**393,620,481**	280,662,551	238,329,478	**274,862,265**	267,335,111
Advances granted (collected)	26.2	**(396,277,164)**	1,547,384,606	(112,550,636)	**5,477,538,926**	5,873,816,090
Disposal of investment	1.2(b)	**10,000,000**	-	-	**-**	-
Dividend income	26.4	**102,409,259**	67,077,798	-	**-**	-
Investment in equity securities	26.4	**648,493,659**	721,492,387	207,774,649	**4,942,514,249**	4,294,020,590
Key Management Personnel –						
Compensation	26.6	**426,334,024**	391,608,121	370,730,492	**-**	-
Retirement plan						
Investment in equity and debt securities	24.3(b)	**-**	(97,078,614)	-	**34,781,600**	33,141,896

None of the companies within the Group is a joint venture. The Group is not subject to joint control and none of its related parties exercise significant influence over it.

26.1 Real Estate Sales and Rendering of Services to Related Parties

The Group renders services to its related parties on a cost-plus basis, allowing a certain margin agreed upon by the parties at arm's length.

The Group leases some of its investment properties to its associates and other related parties under common ownership with rental payments mutually agreed generally before the commencement of the lease. Most of the leases have terms ranging from one to 25 years, with renewal options, and include annual escalation rates of 3% to 10%, except for contingent rent. The revenues earned from these related parties are included as part of Rental Income in the consolidated statements of income (see Note 12). The related outstanding receivables from these transactions, which are collectible on demand, unsecured and noninterest-bearing, are presented as part of Trade under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Parent Company and a related party under common ownership are parties to a management agreement whereby the former provides management services for the overall administration of the latter's leasing operations for a fee, which is based on certain rates of collections plus commission. Further, there are other management services provided to related parties under common ownership related to management of construction and development activities.

Unless otherwise indicated, the Group's outstanding receivables from related parties arising from the above transactions are unsecured, noninterest-bearing, and collectible in cash under normal credit terms or through offsetting arrangements.

There were no impairment losses recognized on the Group's receivables from related parties in 2025, 2024 and 2023.

In 2018, the Parent Company agreed with a related party under common ownership to transfer a property with the related party agreeing to reimburse construction cost of P4.0 billion. As of December 31, 2024, the outstanding balance of P3.1 billion was collectible on demand, interest-bearing and unsecured, and is presented under non-current Other Trade Receivables in the 2024 consolidated statement of financial position.

In 2025, the agreement was rescinded and the property was returned. The Parent Company recognized the asset at its carrying amount at the date of transfer, derecognized the P3.1 billion receivable arising from construction activities, and settled the resulting net difference in cash. The asset arising from the transaction is presented as part of Property and Equipment in the 2025 consolidated statement of financial position (see Note 13).

The Group accounts for transfers of property, plant and equipment from entities under common control using the carry-over basis. Under this method, the assets received are recognized at the carrying amount recorded in the books of the transferring entity at the date of transfer (see Note 13).

As of December 31, 2025, there are no outstanding balances related to this transaction.

26.2 Advances to Ultimate Parent, Associates and Other Related Parties

The ultimate parent company, associates and other related parties under common ownership are granted noninterest-bearing, unsecured and collectible on demand advances by the Parent Company and other entities within the Group with no definite repayment terms for working capital purposes. These are generally collectible in cash or through offsetting arrangements with the related parties.

The outstanding balances of Advances to associates and other related parties shown as part of Trade and Other Receivables account under Current Assets section in the consolidated statements of financial position are shown below (see Note 6).

(Amounts in PHP)	**2025**	2024
Advances to ultimate parent company	**930,000,000**	930,000,000
Advances to associates	**1,013,226,927**	1,011,620,312
Advances to other related parties	**5,477,538,926**	5,873,816,090
	7,420,765,853	7,815,436,402

The movements in advances to associates are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**1,011,620,312**	1,010,276,576
Advances granted	**2,302,152**	1,343,736
Advances collected	**(695,537)**	-
Balance at end of year	**1,013,226,927**	1,011,620,312

The movements in advances to other related parties under common ownership are as follows:

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**5,873,816,090**	4,326,431,484
Addition arising from the acquisition of new subsidiaries	1.2	**1,000,000,000**	-
Advances granted		**68,377,026**	1,547,384,606
Advances collected		**(1,464,654,190)**	-
Balance at end of year		**5,477,538,926**	5,873,816,090

Advances to other related parties pertain to advances granted to entities under common ownership of the Parent Company. No impairment losses on the advances to ultimate parent Company, associates and other related parties were recognized in 2025, 2024 and 2023 based on management's assessment.

In 2025, the Parent Company acquired VPI and was accounted for as an asset acquisition, resulting in the recognition of the respective assets and liabilities of VPI and its subsidiaries in the consolidated financial statements. The transaction includes application of previously granted advances to VPI amounting to P2.0 billion as part of the consideration (see Note 1.2).

Further in 2025, the Group assumed advances to and from related parties upon the acquisition of VPI (see Note 26.3). These advances are noninterest-bearing, unsecured, and collectible on demand, with no definite repayment terms, and were originally provided for working capital purposes. Settlement of these advances is generally made in cash or through offsetting arrangements with the related parties.

26.3 Advances from Other Related Parties

Certain expenses of the entities within the Group are paid by other related parties on behalf of the former. The Group also received cash advances from a certain related party under common ownership, for the development of a certain entertainment site which is an integrated tourism project planned by the Philippine Amusement and Gaming Corporation. The advances are noninterest-bearing, unsecured and with no repayment terms and are generally payable in cash upon demand or through offsetting arrangements with the related parties.

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Advances from Other Related Parties under Current Liabilities section in the consolidated statements of financial position.

The movements in advances from other related parties are as follows:

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**1,463,852,566**	1,247,044,914
Advances paid		**(921,855,804)**	(136,452,356)
Advances assumed from the acquisition of new subsidiaries	1.2	**2,037,515**	-
Advances availed		**290,923,456**	353,260,008
Balance at end of year		**834,957,733**	1,463,852,566

26.4 Investments in Equity Securities

The Group's equity securities include investment in shares of related parties under common ownership. The fair values of these securities have been determined using the discounted cash flows valuation technique [see Note 33.2(a)]. Movements and the related fair value gains or losses on these investments are shown and discussed in Note 9. Also, the Group received dividend income from these investments, presented as part of Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 22).

26.5 Dividends Paid to the Ultimate Parent Company

The Ultimate Parent Company received dividends from the Parent Company amounting to P1.6 billion, P1.3 billion and P1.0 billion in 2025, 2024 and 2023, respectively. There were no outstanding liabilities relating to this transaction as of December 31, 2025 and 2024 (see Note 27.4).

26.6 Key Management Personnel Compensation

The Group's key management personnel compensation includes the following:

(Amounts in PHP)	**2025**	2024	2023
Short-term benefits	**385,546,476**	332,576,000	325,769,489
Post-employment benefits	**30,921,767**	48,694,739	41,374,775
Employee share option benefit	**9,865,781**	10,337,382	3,586,228
	426,334,024	391,608,121	370,730,492

26.7 Post-employment Plan

The Group has formal retirement plans established separately for the Parent Company and each of the significant subsidiaries, particularly GERI, EELHI and PHRI. The Group's retirement funds for its post-employment defined benefit plan are administered and managed by trustee banks. The fair value and the composition of the plan assets as at December 31, 2025 and 2024 are presented in Note 24.3. Plan assets of the Parent Company include own financial instruments of certain listed subsidiary of the Parent Company.

The Group's transactions with the fund mainly pertain to contribution, benefit payments and interest income. The retirement funds neither provide any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens. The retirement funds include investments in equity and debt securities of the Group (see Note 24.3)

27. EQUITY

Capital stock of the Parent Company consists of:

	Shares			**Amount**		
(Amounts in PHP, except shares data)	**2025**	2024	2023	**2025**	2024	2023
Preferred shares Series "A"						
P0.01 par value						
Authorized	**6,000,000,000**	6,000,000,000	6,000,000,000	**60,000,000**	60,000,000	60,000,000
Issued and outstanding	**6,000,000,000**	6,000,000,000	6,000,000,000	**60,000,000**	60,000,000	60,000,000
Common shares – P1 par value						
Authorized	**45,640,000,000**	45,640,000,000	40,140,000,000	**45,640,000,000**	45,640,000,000	40,140,000,000
Issued	**33,745,865,872**	33,745,865,872	32,370,865,872	**33,745,865,872**	33,745,865,872	32,370,865,872
Treasury shares:						
Balance at beginning of year	**(1,187,614,000)**	(1,187,614,000)	(885,626,000)	**(2,852,655,275)**	(2,852,655,275)	(2,184,059,395)
Acquisitions during the year	**(63,636,000)**	-	(301,988,000)	**(126,602,640)**	-	(668,595,880)
Balance at end of year	**(1,251,250,000)**	(1,187,614,000)	(1,187,614,000)	**(2,979,257,915)**	(2,852,655,275)	(2,852,655,275)
Issued and outstanding	**32,494,615,872**	32,558,251,872	31,183,251,872	**30,766,607,957**	30,893,210,597	29,518,210,597
Total issued and outstanding						
Shares	**38,494,615,872**	38,558,251,872	37,183,251,872	**30,826,607,957**	30,953,210,597	29,578,210,597

On June 15, 1994, the SEC approved the listing of the Parent Company's common shares totaling 140,333,333. The shares were initially issued at an offer price of P4.80 per common share. As of December 31, 2025, there are 2,360 holders of the listed shares, which closed at P2.08 per share as of that date.

The following also illustrates the additional listings made by the Parent Company (in shares): May 23, 1996 – 1.6 billion; January 8, 1997 – 2.1 billion; November 23, 1998 – 2.0 billion; August 19, 1999 – 3.0 billion; October 12, 2005 – 5.5 billion; November 21, 2006 –10.0 billion and July 17, 2007 – 3.9 billion and 2012 – 3.1 billion. The Parent Company also listed 700.0 million shares in 2013, 300.0 million shares in 2014, and 8.0 million shares in 2015. There were no additional issuance of shares in the succeeding years.

As at December 31, 2022, RHGI holds certain number of the Parent Company's common shares with costs of P515.2 million, which are treated as treasury shares on the Group's consolidated financial statements. On 2023, such shares were reissued and reversed as treasury shares, which resulted to APIC of P333.2 million (see Notes 27.3 and 27.5).

27.1 Preferred Shares Series "A"

The preferred shares are voting, cumulative, non-participating, non-convertible and non-redeemable with a par value of P0.01 per share. The shares earn dividends at 1% of par value per annum cumulative from date of issue. Dividends paid on cumulative preferred shares amounted to P0.6 million in 2025, 2024 and 2023 (see Note 27.4).

27.2 Common Shares

On May 23, 2013, the Parent Company's BOD approved a P10.0 billion increase in authorized capital stock (ACS) consisting of 10.0 billion shares with par value of P1.00 per share. On November 20, 2013, the SEC approved the P10.0 billion increase in ACS, of which 2.5 billion shares were subscribed and paid by the Parent Company at a price of P4.29 per share for a total subscription price of P10.7 billion.

In 2009, 5,127,556,725 common shares were subscribed and issued through pre-emptive share rights offering. Moreover, shareholders were given four additional share warrants for every five share rights subscribed. For every share warrant, shareholders can avail of one common share at P1.00 per share.

Relative to the share subscription, 4,102,045,364 share warrants were issued of which 4,101,662,246 warrants were exercised while the remaining 383,118 have expired.

On May 13, 2024, the shareholders have approved the increase in the authorized capital stock of the company from P 40,200,000,000 divided into 40,140,000,000 common shares with par value of P1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shares with par value of P 0.01 per share to P45,700,000,000, divided into 45,640,000,000 common shares with par value of P1.00 per share and 6,000,000,000 voting cumulative, non-participating, non-convertible and non-redeemable preferred shared with par value of P 0.01 per share. The increase in authorized capital stock is geared towards the growth and expansions prospects of the Company. On July 29, 2024, the SEC approved the increase in authorized capital stock.

On August 1, 2024, the Parent Company issued 1,375.0 million common shares to AGI for a subscription price of P1.90 per share and a total subscription price of P2.6 billion (see Note 27.3). The issued common shares were issued out of the P5.5 billion increase in authorized capital stock of the Parent Company.

27.3 Additional Paid-in Capital

The APIC pertains to the excess of the total proceeds received from the Parent Company's shareholders over the total par value of the common shares. In 2024, APIC amounting to P1.2 billion was recognized from the issuance of shares to AGI (see Note 27.2). In 2023, an additional APIC of P333.2 million was recognized from the transactions with RHGI. In 2022, APIC amounting to P1.9 million, was recognized by the Parent Company from the exercise of 1,000,000 stock options.

27.4 Cash Dividends

The details of the Parent Company's cash dividend declarations, both for preferred and common shares, are as follows:

(Amounts in PHP)	**2025**	2024	2023
Declaration date/date of approval by BOD	**August 11, 2025**	October 21, 2024	October 13, 2023
Date of record	**August 27, 2025**	November 5, 2024	October 27, 2023
Date of payment	**September 8, 2025**	November 18, 2024	November 14, 2023
Amounts declared			
Common	**3,059,122,881**	2,661,952,254	2,057,959,594
Preferred	**600,000**	600,000	600,000
	3,059,722,881	2,662,552,254	2,058,559,594
Dividends per share:			
Common	**0.09**	0.08	0.07
Preferred	**0.01**	0.01	0.01

27.5 Treasury Shares

As at December 31, 2022, this account also includes the Parent Company's common shares held and acquired by RHGI which was reissued in 2023. In 2023, the Parent Company reacquired 302.0 million shares costing P668.6 million. No similar transaction in 2024. The changes in market values of these shares held by RHGI, recognized as fair value gains or losses by the subsidiary, were eliminated in full and not recognized in the 2023 consolidated financial statements.

In 2022, the Parent Company reissued 1,000,000 treasury shares as a result of exercise of the same number of stock options (see Note 27.6). There was no similar transaction in 2023 and 2024.

In 2025, the Parent Company reacquired 63.6 million shares costing P126.6 million through open market.

The amount of treasury common shares aggregated to P2,979.3 million and P2,852.7 million as of December 31, 2025 and 2024, respectively.

A portion of the Parent Company's retained earnings is restricted for dividend declaration up to the cost of treasury shares as at the end of the reporting period.

27.6 ESOP

A total of P9.9 million, P10.3 million and P3.6 million share option benefits expense in 2025, 2024 and 2023, respectively, is recognized and presented as part of Salaries and employee benefits under Operating Expenses account in the consolidated statements of income (see Notes 21 and 24.2).

(a) Parent Company

In 2012, the Parent Company's BOD approved and the shareholders adopted an ESOP for the Parent Company's key executive officers.

The options shall generally vest on the 60th birthday and may be exercised up to five years from the date of vesting of the option. In 2022, there is an amendment to the vesting requirements of which the options will now vest on the 60th birthday or the actual retirement of the option holder, whichever is later. The exercise price shall be at a 15% discount from the volume weighted average closing price of the Parent Company's shares for nine months immediately preceding the date of grant.

Pursuant to this ESOP, on November 6, 2012, the Parent Company granted share options to certain key executives to subscribe to 235.0 million common shares of the Parent Company, at an exercise price of P1.77 per share.

In 2013, additional share options were granted to certain key executives to subscribe to 20 million common shares of the Parent Company at an exercise price of P2.33 per share. Additional 40 million share options were granted in 2014 at an average exercise price of P3.00 per share. In 2019, additional 10 million share options were granted at an exercise price of P1.77. There were no additional share options granted in 2025, 2024 and 2023.

In 2023, 10.0 million share options were forfeited due to resignation of certain key executive officers. There was no forfeiture due to resignation in 2025 and 2024.

In 2024 and 2023, a total of 10.0 million and 15.0 million share options have vested, respectively. There was no similar transaction in 2025.

There were no exercises of share options in 2025, 2024 and 2023.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Option life	6.08 to 30.17 years
Share price at grant date	P2.54 to P4.08
Exercise price at grant date	P1.77 to P3.23
Fair value at grant date	P0.98 to P2.15
Average standard deviation of share price return	10.98 %
Average dividend yield	0.82 %
Average risk-free investment rate	3.93 %

The underlying expected volatility was determined by reference to historical date of the Parent Company's shares over a period of time consistent with the option life.

The Parent Company recognized a total of P9.9 million, P10.3 million and P3.6 million share-based executive compensation in 2025, 2024 and 2023, respectively, as part of Salaries and employee benefits and a corresponding credit in Retained Earnings (see Note 24.2).

(b) GERI

In 2011, the BOD of GERI approved and the stockholders adopted an ESOP for its key executive officers.

Under the ESOP, GERI shall initially reserve for exercise of share options up to 500.0 million common shares of the GERI's outstanding shares to be issued, in whole or in part, out of the authorized but unissued shares. Share options may be granted within 10 years from the adoption of the ESOP and may be exercised within seven years from date of grant.

The options shall vest within three years from date of grant and the holder of an option may exercise only a third of the option at the end of each year of the three-year period. The exercise price shall be at a 15% discount from the volume weighted average closing price of the GERI's shares for twelve months immediately preceding the date of grant.

Pursuant to this ESOP, GERI had granted the option to its key company executives to subscribe to 400.0 million shares of GERI. An option holder may exercise in whole or in part his vested option provided that an option exercisable but not actually exercised within a given year shall accrue and may be exercised at any time thereafter but prior to the expiration of said option's life cycle. All 400.0 million options were fully vested as at December 31, 2019, but none of these have been exercised yet by any of the option holders as at the end of the reporting periods.

As at December 31, 2025 and 2024, there are no remaining share options that can be exercised.

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP.

The following principal assumptions were used in the valuation:

Average option life	7 years
Share price at grant date	P1.02 to P2.10
Exercise price at grant date	P1.00 to P1.93
Fair value at grant date	P0.24 to P2.27
Standard deviation of share price return	12.16% to 57.10%
Risk-free investment rate	2.14% to 2.59%

The underlying expected volatility was determined by reference to historical date of the GERI's shares over a period of time consistent with the option life.

There was no share-based compensation recognized in 2025, 2024 and 2023 since all the options fully vested as at December 31, 2019.

27.7 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

(Amounts in PHP)	**Financial Assets at FVOCI** (Note 9)	**Retirement Benefit Obligation** (Note 24.3)	**Translation Reserves** (Note 2)	**Derivative Financial Instruments** (Note 29)	**Equity Reserves** (Note 1)	**Total**
Balance as at January 1, 2025	(2,218,543,731)	441,386,824	(160,146,527)	(52,593,490)	14,627,473,278	12,637,576,354
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(27,105,426)	-	-	-	(27,105,426)
Fair value losses on financial assets at FVOCI	(285,188,513)	-	-	-	-	(285,188,513)
Transfer of accumulated OCI related to associate upon loss of significant influence	-	-	(106,058,406)	-	-	(106,058,406)
Fair value gain on cash flow hedge	-	-	-	113,106,428	-	113,106,428)
Share of non-controlling interest	16,666,016	(1,199,551)	-	-	-	15,466,465
Changes in percentage of ownership	-	-	-	-	3,534,579,757	3,534,579,757
Exchange difference on translating foreign operations	-	-	15,763,842	-	-	15,763,842
Other comprehensive income (loss) before tax	(268,522,497)	(28,304,977)	(90,294,564)	113,106,428	3,534,579,757	3,260,564,147
Tax income (expense)	-	6,744,521	(7,919,804)	-	-	(1,175,283)
Other comprehensive income (loss) after tax	(268,522,497)	(21,560,456)	(98,214,368)	113,106,428	3,534,579,757	3,259,388,864
Balance as at December 31, 2025	**(2,487,066,228)**	**419,826,368**	**(258,360,895)**	**60,512,938**	**18,162,053,035**	**15,896,965,218**
Balance as at January 1, 2024	(1,611,755,442)	489,581,015	(239,540,202)	3,358,563	11,852,577,608	10,494,221,542
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(183,519,128)	-	-	-	(183,519,128)
Fair value losses on financial assets at FVOCI	(536,270,329)	-	-	-	-	(536,270,329)
Realized loss on sale of financial assets at fair value through other comprehensive income	(117,429,707)	-	-	-	-	(117,429,707)
Fair value gain on cash flow hedge	-	-	-	(55,952,053)	-	(55,952,053)
Share of non-controlling interest	46,911,747	103,257,535	-	-	-	150,169,282
Share in OCI of associates	-	-	34,148,095	-	-	34,148,095
Changes in percentage of ownership	-	-	-	-	2,774,895,670	2,774,895,670
Exchange difference on translating foreign operations	-	-	75,688,819	-	-	75,688,819
Other comprehensive income (loss) before tax	(606,788,289)	(80,261,593)	109,836,914	(55,952,053)	2,774,895,670	2,141,730,649
Tax income (expense)	-	32,067,402	(30,443,239)	-	-	1,624,163
Other comprehensive income (loss) after tax	(606,788,289)	(48,194,191)	79,393,675	(55,952,053)	2,774,895,670	2,143,354,812
Balance as at December 31, 2024	(2,218,543,731)	441,386,824	(160,146,527)	(52,593,490)	14,627,473,278	12,637,576,354
Balance as at January 1, 2023	(1,725,993,007)	690,094,340	(259,538,921)	37,604,713	8,626,592,277	7,368,759,402
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	(268,851,445)	-	-	-	(268,851,445)
Fair value losses on financial assets at FVOCI	101,480,862	-	-	-	-	101,480,862
Fair value gain on cash flow hedge	-	-	-	(34,246,150)	-	(34,246,150)
Share of non-controlling interest	12,756,703	2,430,076	-	-	-	15,186,779
Share in OCI of associates	-	-	(3,348,878)	-	-	(3,348,878)
Changes in percentage of ownership	-	-	-	-	3,225,985,331	3,225,985,331
Exchange difference on translating foreign operations	-	-	44,115,901	-	-	44,115,901
Other comprehensive income (loss) before tax	114,237,565	(266,421,369)	40,767,023	(34,246,150)	3,225,985,331	3,080,322,400
Tax income (expense)	-	65,908,044	(20,768,304)	-	-	45,139,740
Other comprehensive income (loss) after tax	114,237,565	(200,513,325)	19,998,719	(34,246,150)	3,225,985,331	3,125,462,140
Balance as at December 31, 2023	(1,611,755,442)	489,581,015	(239,540,202)	3,358,563	11,852,577,608	10,494,221,542

In 2021, MREIT offered and sold 949,837,500 shares or 37.51% ownership interest held by the Parent Company, through an initial public offering for P16.10 per share or P14.7 billion. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the proportionate net book value and the consideration received amounting to P10.5 billion is credited to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

Also in 2021, the Parent Company acquired additional shares of PCMI and STLI for P2.0 billion and P1.8 million, respectively. The difference between the proportionate net book value and the consideration received of PCMI and STLI resulted in P1.1 billion debit and P29.6 million credit, respectively, to Equity reserves under Revaluation Reserves in the 2021 consolidated statement of changes in equity.

In 2023, the Parent Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership.

In May and July 2023, the company disposed 279,400,000 common shares with a par value of P1.00 per share with net proceeds of P13.2 billion resulting to a decrease in ownership to 55.63%. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the fair value of the transaction and the adjustment recognized directly in the Parent Company's equity amounting to P3.2 billion is recorded as part of Equity reserves under Revaluation Reserves in the 2023 consolidated statement of changes in equity. Cash flows relating to the transaction amounting to P3.6 billion is presented as Proceeds from sale of investment in subsidiary under the Financing Activities section of the 2023 consolidated statement of cash flows.

In April and June 2024, the Parent Company disposed of shares through block sales with net proceeds of P1.5 billion, resulting in a reduction of its ownership to 51.33%. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the fair value of the transaction and the adjustment recognized directly in the Parent Company's equity amounting to P2.8 billion is recorded as part of Equity reserves under Revaluation Reserves in the 2024 consolidated statement of changes in equity. Cash flows relating to the transaction amounting to P1.5 billion is presented as Proceeds from sale of investment in subsidiary under the Financing Activities section of the 2024 consolidated statement of cash flows.

Subsequently, in November 2024, the Parent Company expanded its ownership in MREIT to 63.44% by acquiring additional common shares through a property share swap. As the transaction did not result in a change of control, it was accounted for as an equity transaction. Accordingly, no goodwill or gain on bargain purchase was recognized The difference between the fair value of the transaction and the adjustment recognized directly in the Parent Company's equity amounting to P1.5 billion is credited to Equity reserves under Revaluation Reserves in the 2024 consolidated statement of changes in equity. The transaction resulted in a decrease in the non-controlling interest by the same amount.

In July, September and December 2025, the Parent Company disposed of shares through block sales with net proceeds of P6.2 billion, resulting in a reduction of its ownership to 54%. The sale of shares did not result in Parent Company's loss of control over MREIT. The difference between the fair value of the transaction and the adjustment recognized directly in the Parent Company's equity amounting to P3.5 billion is recorded as part of Equity reserves under Revaluation Reserves in the 2025 consolidated statement of changes in equity. Cash flows relating to the transaction amounting to P4.7 billion is presented as Proceeds from sale of investment in subsidiary under the Financing Activities section of the 2025 consolidated statement of cash flows.

Further in 2025, a similar property share swap was entered into and executed in 2025 which remains pending approval by the SEC. The additional shares to be acquired by the Parent Company shall come from the planned increase in authorized capital stock of MREIT.

Also in 2025, the Parent Company acquired ownership over EHPI through VPI. The difference between the proportionate net book value and the consideration received resulted in P0.7 million credit to Equity reserves under Revaluation Reserves in the 2025 consolidated statement of changes in equity.

Additionally, the Group's share in the accumulated comprehensive income of SUN was recycled upon the loss of significant influence, resulting in P1.5 million debit to Equity reserves under Revaluation Reserves in the 2025 consolidated statement of changes in equity.

28. EARNINGS PER SHARE

EPS amounts were computed as follows:

(Amounts in PHP, except shares data)	**2025**	2024	2023
Net profit attributable to the Parent Company shareholders	**21,002,934,999**	18,749,285,284	17,345,401,623
Dividends on cumulative preferred shares Series "A"	**(600,000)**	(600,000)	(600,000)
Profit available to the Parent Company's common shareholders	**21,002,334,999**	18,748,685,284	17,344,801,623
Divided by weighted average number common shareholders	**32,548,354,645**	31,758,046,954	30,967,574,247
Basic EPS	**0.645**	0.590	0.560
Divided by weighted average number of outstanding common shareholders	**32,548,354,645**	31,758,046,954	30,975,626,107
Diluted EPS	**0.645**	0.590	0.560

Unexercised share warrants have already expired; hence, were no longer included in the computation. In addition, the potentially dilutive outstanding share options totaling 220.0 million in 2025, 2024 and 2023 were also considered in the computations (see Note 27.6).

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Parent Company entered into agreements involving derivative financial instruments, such as cross-currency swap and interest rate swaps with a certain local financial institution to hedge the effect of the movements of foreign currency exchange rates and interest rates on financial instruments.

In 2019, a cross-currency swap was agreed upon with a certain local financial institution. The Parent Company shall receive $95.62 million to be paid on a quarterly basis beginning December 2020 up to September 2024 plus interest based on three-month LIBOR plus a certain spread. The Parent Company shall make fixed quarterly payments in Philippine peso plus a fixed interest of 4.82%. The Parent Company designated the cross-currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates. In 2024, the Parent Company paid its outstanding loan balance in full.

In 2024, the Parent Company entered another cross-currency swap agreement with the same financial institution. and a corresponding interest rate swap. The Parent Company shall receive $180.5 million to be paid on a quarterly basis beginning June 2025 up to March 2029 plus interest based on three-month BVAL plus a certain spread. The Parent Company shall make fixed quarterly payments in Philippine Peso plus a fixed interest rate of 6.40%. The Parent Company designated the cross-currency swaps as hedging instruments to hedge the risk in changes in cash flows of its loan denominated in U.S. dollar as an effect of changes in foreign currency exchange rates and interest rates [see Note 15.1(i)].

Also in 2024, the Parent Company entered into an interest rate swap agreement, with a notional amount of P10.0 billion to hedge its exposure to changes in fair value arising from changes in benchmark interest rate on loans payable due to mature in 2029 [see Note 15.1(j)].

As at December 31, 2025 and 2024, the Parent Company has assessed that the cross currency swaps designated as cash flow hedges will continue to be highly effective over the term of the agreement; hence, the Parent Company expects to continuously use hedge accounting on the hedging relationship of its cross currency swaps and on its interest-bearing loans.

The Parent Company recognized unrealized gain on cash flow hedges amounting to P113.1 million in 2025 and unrealized losses on cash flow hedge amounting to P56.0 million and P34.2 million in 2024 and 2023, respectively. These are presented as part of other comprehensive income in the consolidated statements of comprehensive income.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the fixed rate loans match the terms of the interest rate swaps. The Group has established a hedge ratio of 105.69% and 104.12 %for 2025 and 2024, respectively, for the hedging relationships as the underlying risk of the interest rate swaps is identical to the hedged risk component.

The hedged items are presented under Interest-bearing Loans and Borrowings in the Group's consolidated statement of financial position as at December 31, 2025 and 2024. The carrying amounts relating to items designated as hedged items in fair value hedge relationships to manage the Group's exposure to interest rate as at December 31, 2025 and 2024 amounts to P8.6 billion.and P 10.4 billion, respectively.

The Parent Company recognized an unrealized gain amounting to P115.0 million and unrealized loss amounting to P57.0 million on fair value hedges in 2025 and 2024, respectively. These are presented as part of Miscellaneous – net under Interest and Other Charges in the 2025 consolidated statement of income and Miscellaneous income – net under Interest and Other Income, respectively, in the 2025 consolidated statement of income, respectively (see Note 22).

The table below sets out information about the Group's hedging instruments and the related carrying amounts as at December 31:

	Notional Amount		**Derivative Assets**	
2025				
Cross currency swaps	**$**	**146,660,650**	**P**	**557,764,397**
Interest rate swaps	**P**	**8,125,000,000**		**57,640,112**
			P	**615,404,509**
2024				
Cross currency swaps	$	180,505,415	P	416,555,825
Interest rate swaps	P	10,000,000,000		(57,317,173)
			P	359,238,652

The hedging instruments have a net positive fair value of P615.4 million in 2025 and P359.2 million in 2024. These are presented as Derivative assets under Other Current Assets in the consolidated statements of financial position (see Note 8).

30. COMMITMENTS AND CONTINGENCIES

30.1 Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and BPO-based tenants. If the expected growth, particularly from BPO-based tenants, does not meet management's expectations, or in the case of commercial tenants more stringent health measures are imposed resulting to further temporary or permanent closures of commercial establishments, the Group may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Unearned income under Other Current Liabilities and Deferred rent under Other Non-current Liabilities in the consolidated statements of financial position (see Note 18).

(a) Operating Leases

The Group is a lessor under several non-cancellable operating leases covering office, commercial and properties for a period of two to ten years with annual escalation rates between 5% to 10% (see Note 12).

Future minimum lease receivables under these agreements are as follows:

(Amounts in PHP)	**2025**	2024	2023
Within one year	**18,740,528,683**	18,142,094,472	16,524,807,397
After one year but not more than two years	**20,470,494,077**	21,397,799,655	19,998,956,604
After two years but not more than three years	**21,440,919,738**	22,138,318,504	20,787,467,598
After three years but not more than four years	**22,183,393,357**	22,840,094,777	21,565,435,685
After four years but not more than five years	**23,866,302,672**	24,103,041,714	23,134,430,186
More than five years	**27,991,150,721**	30,066,404,456	28,326,544,473
	134,692,789,248	138,687,753,578	130,337,641,943

(b) Finance Lease

In 2019, the Group, through GERI, subleased its development rights over the undivided portions of a land co-terminus with the term of its head lease. Finance lease receivable arising from the transaction is presented as part Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). Interest income on the finance lease amounted to P34.3 million in 2023 is presented as part of Interest and Other Income account in the 2023 consolidated statement of income (see Note 22).

In 2024, the Group derecognized its finance lease receivables, resulting in a recognition of gain amounting to P16.6 million, which is presented as part of Miscellaneous – net under Interest and Other Income – net in the 2024 consolidated statement of income (see Note 22). There were no similar transactions in 2025 and 2023.

30.2 Others

As at December 31, 2025 and 2024, the Group has unused long-term credit facilities amounting to P25.0 billion and P30.0 billion, respectively. In addition, the Group is committed to certain project and capital expenditures as disclosed in Note 4.4. There are other commitments and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements.

31. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at FVOCI, interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures. The Group does not actively engage in the trading of financial assets for speculative purposes.

31.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable, which have been used to fund new projects and to refinance certain indebtedness for general corporate purposes.

As at December 31, 2025 and 2024, net foreign currency-denominated financial liabilities in U.S. dollar, translated into Philippine Peso at the closing rate, amounted to P36.2 billion and P49.4 billion, respectively.

Management assessed that the reasonably possible change in exchange rates of Philippine Peso to U.S. dollar, based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at 68% confidence level is 5.95% and 5.22% in 2025 and 2024, respectively. If the exchange rate increased or decreased by such percentages, the profit before tax in 2025 and 2024 would have changed by P1,640.3 million and P2,030.7 million, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

31.2 Interest Rate Sensitivity

The Group interest risk management policy is to minimize interest rate cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets subject to variable interest rates.

The Group's ratio of fixed to floating rate debt stood at 0.39:1.00 and 0.47:1.00 as at December 31, 2025 and 2024, respectively.

The sensitivity of the consolidated net results in 2025 and 2024 to a reasonably possible change of 1.0% in floating rates is P660.6 million and P644.1 million, respectively.

The sensitivity of the consolidated equity in 2025 and 2024 to a reasonably possible change of 1.0% in floating rates is P495.5 million and P483.1 million, respectively. The calculations are based on the Group's financial instruments held at each reporting date. All other variables are held constant.

31.3 Credit Risk

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of rentals, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets and contract assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to consolidated financial statements), as summarized below.

(Amounts in PHP)	Notes	**2025**	2024
Cash and cash equivalents	5	**20,793,264,473**	21,421,340,361
Trade receivables	6	**57,807,979,108**	49,150,622,871
Rent receivables	6	**5,688,653,997**	6,654,501,681
Other receivables	6	**9,765,846,921**	10,938,806,802
Advances to associates and other related parties	6, 26	**7,420,765,853**	7,815,436,402
Contract assets	19.2	**34,215,902,532**	35,515,792,121
Guarantee and other deposits	14	**1,030,792,967**	1,059,801,252
		136,723,205,851	132,556,301,490

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Parent Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age bracket). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Parent Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting periods, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies headline inflation rate and bank lending rate to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. The total loss allowance based on the provision matrix is P705.4 million and P710.2 million as at December 31, 2025 and 2024, respectively.

The Group considers credit enhancements in determining the expected credit loss. Trade receivables from real estate sales are collateralized by the real properties sold while rental receivables are secured to the extent of advanced rental and security deposits received from lessees. Further, customers are typically required to issue post-dated checks, which provide additional credit enhancement.

The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

(Amounts in PHP)	**Gross Maximum Exposure**	**Fair Value of Collaterals**	**Net Exposure**
2025			
Real estate sales receivables	**63,346,630,393**	**128,581,540,998**	**-**
Contract assets	**34,215,902,532**	**75,868,344,266**	**-**
Rent receivable	**5,688,653,997**	**7,064,413,136**	**-**
	103,251,186,922	**211,514,298,400**	**-**
2024			
Real estate sales receivables	40,443,807,833	75,756,257,540	-
Contract assets	35,515,792,121	86,662,465,873	-
Rent receivable	6,654,501,681	25,956,551,740	-
	82,614,101,635	188,375,275,153	-

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

(Amounts in PHP)	**2025**	2024
Current (not past due)	**75,840,842,598**	70,467,769,815
Past due but not impaired:		
More than one month but not more than 3 months	**1,304,206,581**	1,201,212,140
More than 3 months but not more than 6 months	**1,087,978,687**	788,159,860
More than 6 months but not more than one year	**1,527,270,937**	1,259,283,695
More than one year	**922,947,076**	842,942,364
	80,683,245,879	74,559,367,874

(c) Advances to Associates and Other Related Parties

ECL for advances to associates, and other related parties, and other trade receivables from related parties, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Parent Company does not consider any significant risks in the advances to related parties as these are entities whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As at December 31, 2025 and 2024, impairment allowance is not material.

(d) Guarantee and Other Deposits

The credit risk for guarantee and other deposits is considered negligible as the Group has ongoing transactions with the counterparties and the latter are considered to be with sound financial condition and sufficient liquidity.

31.4 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2025 and 2024, the Group's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	Notes	**Within 1 Year**	**1 to 5 Years**	**More than 5 Years**
2025:				
Interest-bearing loans and borrowings*	15	**23,635,576,348**	**55,366,456,423**	**13,129,325,391**
Trade and other payables	17	**32,408,739,716**	**-**	**-**
Bonds and notes payable*	16	**1,797,333,220**	**22,383,754,143**	**-**
Advances from other related parties	26.3	**834,957,733**	**-**	**-**
Other liabilities	18	**1,799,851,408**	**1,773,176,626**	**-**
		60,476,458,425	**79,523,387,192**	**13,129,325,391**
2024:				
Interest-bearing loans and borrowings*	15	25,953,969,558	65,367,265,028	13,140,843,289
Trade and other payables	17	28,176,160,978	-	-
Bonds and notes payable*	16	837,577,125	21,980,054,250	-
Advances from other related parties	26.3	1,463,852,566	-	-
Other liabilities	18	2,266,048,111	1,772,618,984	-
		58,697,608,338	89,119,938,262	13,140,843,289

**Inclusive of future interest costs*

The contractual maturities in the above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

31.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investments held at fair value is determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. Their impact on the Group's consolidated net profit and consolidated equity as at December 31, 2025 and 2024 are summarized as follows:

(Amounts in PHP)	**Observed Volatility Rates**	**Impact on Equity**	
		Increase	Decrease
2025			
Investment in equity securities:			
Holding Company	+/-8.13%	115,214,679	(115,214,679)
Manufacturing	+/-4.83%	34,103,951	(34,103,951)
2024			
Investment in equity securities:			
Holding Company	+/-4.79%	39,619,753	(39,619,753)
Manufacturing	+/-2.47%	19,709,312	(19,709,312)

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is also exposed to other price risk in respect of its derivative financial assets and liabilities arising from foreign exchange margins trading spot and forward, and interest rate changes. These financial instruments will continue to be measured at fair value based on net present value computation.

32. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

32.1 Carrying Amounts and Fair Values by Category

The carrying values and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

		2025		2024	
(Amounts in PHP)	Notes	**Carrying values**	**Fair values**	Carrying values	Fair values
Financial Assets					
At amortized costs:					
Cash and cash equivalents	5	**20,793,264,473**	**20,793,264,473**	21,421,340,361	21,421,340,361
Trade and other receivables – net	6, 26.2	**80,683,245,879**	**79,884,401,860**	74,559,367,874	74,003,286,582
Guarantee and other deposits	14	**1,030,792,967**	**1,030,792,967**	1,037,397,688	1,037,397,688
		102,507,303,319	**101,708,459,300**	97,018,105,923	96,462,024,631
Financial assets at FVTPL –					
Derivative assets	8	**615,404,509**	**615,404,509**	359,238,652	359,238,652
Financial assets at FVOCI –					
Equity securities	9	**5,959,767,717**	**5,959,767,717**	5,411,250,309	5,411,250,309
Financial Liabilities					
At amortized costs:					
Interest-bearing					
loans and borrowings	15	**83,025,191,559**	**79,369,486,474**	89,993,511,031	86,022,502,199
Bonds and notes payable	16	**20,419,627,934**	**19,634,035,680**	20,049,554,649	19,369,933,610
Trade and other payables	17	**32,895,053,768**	**32,827,727,607**	28,832,783,344	28,764,009,126
Advances from other related parties	26.3	**834,957,733**	**834,957,733**	1,463,852,566	1,463,852,566
Other liabilities	18	**3,573,028,034**	**3,573,028,034**	4,038,667,095	4,038,667,096
		140,747,859,028	**136,239,235,528**	144,378,368,685	139,658,964,597

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 31.

32.2 Offsetting of Financial Assets and Financial Liabilities

The Group has not set-off financial instruments in 2025 and 2024 and does not have relevant offsetting arrangements, except as disclosed in Notes 26.2 and 26.3. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and shareholders. As such, the Group's outstanding receivables from and payables to the same related parties can be potentially offset to the extent of their corresponding outstanding balances. There are no offsetting arrangements as at December 31, 2025 and 2024.

33. FAIR VALUE MEASUREMENT AND DISCLOSURES

33.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: 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); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by developing estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. When such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arms' length transaction at the end of the reporting period.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

33.2 Financial Instruments Measurement at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at December 31, 2025 and 2024 (see Notes 9 and 29).

(Amounts in PHP)	**Level 1**	**Level 2**	**Level 3**	**Total**
2025				
Financial assets:				
Equity securities	1,967,072,470	-	3,992,695,247	5,959,767,717
Derivatives	-	615,404,509	-	615,404,509
	1,967,072,470	**615,404,509**	**3,992,695,247**	**6,575,172,226**
2024				
Financial assets:				
Equity securities	2,180,760,059	-	3,230,490,250	5,411,250,309
Derivatives	-	359,238,652	-	359,238,652
	2,180,760,059	359,238,652	3,230,490,250	5,770,488,961

Described below and in the succeeding page are the information about how the fair values of the Group's classes of financial assets are determined.

(a) Equity Securities

As at December 31, 2025 and 2024, instruments included in Level 1 comprise equity securities classified as financial assets at FVOCI. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

In 2025 and 2024, the fair value of these equity securities is determined using discounted cash flows valuation technique with discount rate of 7.98% and 7.2% in 2025 and 2024, respectively, and growth rate of 2.0% and 3.0% in 2025 and 2024, respectively. The forecasted annual net cash flows were also derived by taking into consideration the market conditions, economic factors, and historical performance and future projects of the investee company.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**3,230,490,250**	2,266,974,953
Additions	**811,605,000**	857,775,000
Fair value gains (loss)	**(49,400,003)**	105,740,297
Balance at end of year	**3,992,695,247**	3,230,490,250

The Group recognized P235.8 million and P642.0 million fair value losses in 2025 and 2024, respectively, on the Level 1 equity securities. For the Level 3 equity securities, the Group recognized P49.4 million fair value loss and P105.7 million fair value gain in 2025 and 2024, respectively (see Notes 9 and 27.7).

(b) Derivatives

The fair value of derivative financial instruments, related to the cross-currency and interest rate swaps, is measured at inputs other than quoted prices that are indirectly observable for the financial instruments and are categorized within Level 2 (see Note 29). The fair value is determined through valuation techniques using the net present value computation. The future principal and interest receipts and payments are discounted using readily observable reference rates at the date of valuation. The resulting net present value is translated into Philippine peso using the U.S. dollar exchange rate at the date of valuation to arrive at the fair value of the derivative financial instruments.

33.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Group's financial assets which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed include cash and cash equivalents, which are categorized as Level 2, and trade and other receivables – net, and guarantee and other deposits which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain to bonds payable, which are categorized as Level 2, and interest-bearing loans and borrowings, redeemable preferred shares, trade and other payables and advances from their related parties which are categorized as Level 3.

The fair value of the Group's debt securities which consist of corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 2.

For financial assets with fair values included in Level 2, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. Further, management considers that the carrying amounts of these financial instruments approximate their fair values as the effect of discounting is insignificant.

33.4 Fair Value of Investment Properties Measured at Cost for which Fair Value is Disclosed

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumption that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

The Group determines the fair value of idle properties using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility.

As at December 31, 2025 and 2024, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Level 3 fair value of the investment properties was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated expected future annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate. The fair market values of the properties that generated rental income in 2025 and 2024 are P514.5 billion and P484.5 billion as at December 31, 2025 and 2024, respectively, while the fair market value of idle land is P53.4 billion and P52.6 billion as at December 31, 2025 and 2024, respectively.

There were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024. The reconciliation of the carrying amount of investment properties included in Level 3 is presented in Note 12.

34. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using the debt-to-equity ratio using amounts of contracted borrowings versus total equity. Capital for the reporting periods under review is summarized as follows:

(Amounts in PHP)	**2025**	2024
Interest-bearing loans and borrowings	**83,025,191,559**	89,993,511,031
Bonds and notes payable	**20,419,627,934**	20,049,554,649
	103,444,819,493	110,043,065,680
Total equity	**303,160,205,108**	278,735,090,426
Debt-to-equity ratio	**0.34 : 1:00**	0.39 : 1:00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for the years presented above.

35. SUPPLEMENTAL INFORMATION ON CASH FLOWS

35.1 Reconciliation of Liabilities Arising from Financing Activities

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

(Amounts in PHP)	**Interest-bearing Loans and Borrowings** (See Note 15)	**Bonds and Notes Payable** (See Note 16)	**Lease Liabilities** (See Note 18)	**Advances from Associates and Other Related Parties** (See Note 26)	**Total**
Balance as at January 1, 2025	89,993,511,031	20,049,554,649	536,935,684	1,463,852,566	112,043,853,930
Net cash flows:					
Proceeds	15,089,516,433	-	-	290,923,456	15,380,439,889
Principal repayments	(22,331,082,538)	-	(32,849,602)	(921,855,804)	(23,285,787,944)
Interest repayments	-	-	(40,709,818)	-	(40,709,818)
Non-cash financing activities:					
Foreign currency exchange	99,888,044	343,105,228	(186,752)	-	442,806,520
Additional advances arising from acquisition of new subsidiaries	-	-	-	2,037,515	2,037,515
Amortization of debt issue cost	173,358,589	26,968,057	-	-	200,326,646
Recognition of lease liabilities	-	-	2,768,389	-	2,768,389
Interest amortization on lease liabilities	-	-	40,709,818	-	40,709,818
Balances as at December 31, 2025	**83,025,191,559**	**20,419,627,934**	**506,667,719**	**834,957,733**	**104,786,444,945**
Balance as at January 1, 2024	71,780,316,218	31,114,591,251	492,051,127	1,247,044,914	104,634,003,510
Net cash flows:					
Proceeds	34,241,250,000	-	-	353,260,008	34,594,510,008
Principal repayments	(16,848,203,223)	(12,000,000,000)	(46,186,820)	(136,452,356)	(29,030,842,399)
Interest repayments	-	-	(40,349,443)	-	(40,349,443)
Non-cash financing activities:					
Foreign currency exchange	644,190,625	844,811,099	4,340,927	-	1,493,342,651
Amortization of debt issue cost	175,957,411	90,152,299	-	-	266,109,710
Recognition of lease liabilities	-	-	86,730,450	-	86,730,450
Interest amortization on lease liabilities	-	-	40,349,443	-	40,349,443
Balances as at December 31, 2024	89,993,511,031	20,049,554,649	536,935,684	1,463,852,566	112,043,853,930
Balance as at January 1, 2023	49,658,496,220	45,239,075,510	610,746,280	2,126,611,006	97,634,929,016
Net cash flows:					
Proceeds	35,645,523,000	-	-	717,633,255	36,363,156,255
Principal repayments	(13,836,564,027)	(13,607,000,000)	(21,406,494)	(1,597,199,347)	(29,062,169,868)
Interest repayments	-	-	(37,792,646)	-	(37,792,646)
Non-cash financing activities:					
Foreign currency exchange	229,732,032	(613,247,433)	(1,747,322)	-	(385,262,723)
Amortization of debt issue cost	83,128,993	95,763,174	-	-	178,892,167
Interest amortization on lease liabilities	-	-	37,792,646	-	37,792,646
Derecognition	-	-	(95,541,337)	-	(95,541,337)
Balances as at December 31, 2023	71,780,316,218	31,114,591,251	492,051,127	1,247,044,914	104,634,003,510

35.2 Reconciliation of Liabilities Arising from Financing Activities

The following discusses the supplemental information on non-cash investing and financing activities as presented in the consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023:

- In 2024 and 2023, the Parent Company entered into property-for-share swap agreements with MREIT, whereby the Parent Company transferred certain properties in exchange for additional ownership interests in MREIT. These transactions resulted in a decrease in non-controlling interests, with a corresponding increase recognized in Equity Reserves. There was no similar transaction in 2025, as the property-for share swap entered into is still pending approval with the SEC (see Note 27.7).

- In 2025, the Parent Company acquired VPI and was accounted for as an asset acquisition, resulting in the recognition of the respective assets and liabilities of VPI and its subsidiaries in the consolidated financial statements. The transaction includes application of previously granted advances to VPI amounting to P2.0 billion as part of the consideration (see Notes 1.2 and 26.3). There was no similar transaction in 2024 and 2023.

- In the normal course of business, the Group enters into non-cash transactions such as exchanges or purchases on account of real estate and other assets. Other non-cash transactions include transfers of property between Inventories, Investment Properties, and Property and Equipment. These non-cash activities are not reflected in the consolidated statements of cash flows (see Notes 7, 12 and 13).

- In 2025 and 2024, the Group recognized right-of-use assets and lease liabilities amounting to P2.69 million and P86.7 million, respectively (see Notes 13 and 18).

- In 2025, the Group recognized Property and Equipment amounting to P4,370.3 million arising from the rescission of the original agreement with a related party under common ownership. This resulted to the derecognition of receivable amounting to P3.1 billion while the difference between the recognized assets and the receivable was fully settled in cash (see Notes 13 and 26.1).

P&A
Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
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The Board of Directors and Stockholders
Megaworld Corporation and Subsidiaries
(A Subsidiary of Alliance Global Group, Inc.)
30th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Megaworld Corporation and Subsidiaries (the Group) for the year ended December 31, 2025, on which we have rendered our report dated February 24, 2026. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10770763, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until financial period 2025)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-040-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until August 12, 2027)

February 24, 2026

MEGAWORLD CORPORATION AND SUBSIDIARIES
List of Supplementary Information
December 31, 2025

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Megaworld Corporation and Subsidiaries
Schedule A - Financial Assets
Financial Assets at Fair Value through Other Comprehensive Income
December 31, 2025

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*
Alliance Global Group, Inc.	122,600,000	P 1,004,094,000	P 1,004,094,000	P 12,260,000
Emperador, Inc.	58,889,000	942,223,988	942,223,988	11,188,899
Various quoted equity securities	10,190,923	20,754,482	20,754,482	960,375
Various unquoted equity securities	676,088,662	3,992,695,247	3,992,695,247	77,999,985
		P 5,959,767,717	P 5,959,767,717	P 102,409,259

Megaworld Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
December 31, 2025

				Ending Balance		
Name	***Beginning Balance***	***Additions***	***Deductions***	***Current***	***Not current***	***Total***
Accounts Receivable	P 3,450,534	P 6,203,797	(P 2,955,018)	P 6,699,313	P -	P 6,699,313

Megaworld Corporation and Subsidiaries
Schedule C- Amounts Receivable/ Payable from/ to Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2025

Name and designation of debtor	Balance at the beginning of period	Additions	Deductions		Current	Non current	Balance at the end of the period
			Amounts collected	Amounts written off			
Due from Related Parties:							
Suntrust Properties, Inc. (SPI)	P 5,582,644,196	P 260,723,371	P -	P -	P 5,843,367,567	P -	P 5,843,367,567
Empire East Land Holdings, Inc. (EELHI)	4,146,197,515	12,909,878	-	-	4,159,107,393	-	4,159,107,393
Manila Bayshore Property Holdings, Inc. (MBPHI)	2,171,020,076	1,683,317,771	-	-	3,854,337,847	-	3,854,337,847
Megaworld San Vicente Coast, Inc. formerly (San Vicente Coast, Inc.) (MSVCI)	1,974,412,760	481,072,863	-	-	2,455,485,623	-	2,455,485,623
Venetian Properties, Inc. (VPI)	-	1,998,250,755	-	-	1,998,250,755	-	1,998,250,755
Megaworld Cebu Properties, Inc. (MCP)	1,504,532,312	201,080	-	-	1,504,733,392	-	1,504,733,392
Landmark Seaside Properties, Inc. (LSPI)	1,110,544,330	10,108,458	-	-	1,120,652,788	-	1,120,652,788
Arcovia Properties, Inc. (API)	397,566,310	371,632,899	-	-	769,199,209	-	769,199,209
Megaworld Bacolod Properties, Inc. (MBPI)	93,212,170	420,790,718	-	-	514,002,888	-	514,002,888
Megaworld Oceantown Properties, Inc. (formerly: Oceantown Properties, Inc.) (MOPI)	111,883,357	383,132,838	-	-	495,016,195	-	495,016,195
Maple Grove Land, Inc. (MGLI)	472,572,836	-	5,220,832	-	467,352,004	-	467,352,004
Agile Digital Ventures, Inc. (ADVI)	332,524,206	10,000,420	-	-	342,524,626	-	342,524,626
Twin Lakes Corporation (TLC)	1,267,065,349	-	998,592,659	-	268,472,690	-	268,472,690
Southwoods Malls, Inc (SMI)	246,813,471	442,636	-	-	247,256,107	-	247,256,107
Global Estate Resorts, Inc. (GERI)	1,179,968,187	-	987,902,110	-	192,066,077	-	192,066,077
Belmont Hotel Mactan, Inc. (BHMI)	74,175,888	59,519,662	-	-	133,695,549	-	133,695,549
Savoy Hotel Mactan, Inc. (SHM)	49,636,125	36,670,231	-	-	86,306,356	-	86,306,356
Megaworld Newport Property Holdings, Inc. (MNPHI)	43,279,227	1,670	-	-	43,280,897	-	43,280,897
Prestige Hotels and Resort, Inc. (PHRI)	47,973,939	-	5,132,390	-	42,841,550	-	42,841,550
Soho Café and Restaurant Group, Inc. (SCRGI)	29,477,493	6,063,939	-	-	35,541,432	-	35,541,432
Kingsford Hotel Manila, Inc. (KHMI)	40,591,067	-	9,310,448	-	31,280,619	-	31,280,619
Savoy Hotel Manila, Inc. (SHMI)	6,324,811	18,278,430	-	-	24,603,241	-	24,603,241
Belmont Newport Luxury Hotels, Inc. (BNLHI)	-	19,129,142	-	-	19,129,142	-	19,129,142
Townsquare Development, Inc. (TDI)	171,138,193	-	158,738,486	-	12,399,707	-	12,399,707
MREIT, Inc. (MREIT)	74,795,794	-	67,052,054	-	7,743,740	-	7,743,740
Hotel Lucky Chinatown, Inc. (HLC)	16,216,150	-	12,546,129	-	3,670,021	-	3,670,021
Luxury Global Malls, Inc. (LGMI)	-	2,672,461	-	-	2,672,461	-	2,672,461
Embassy Hills Properties, Inc. (EHPI)	-	1,911,760	-	-	1,911,760	-	1,911,760
Luxury Global Hotels and Leisure, Inc. (LGHLI)	1,675,298	129,698	-	-	1,804,996	-	1,804,996
Streamwood Property, Inc. (SP)	1,565,314	24,425	-	-	1,589,739	-	1,589,739
MREIT Fund Managers, Inc. (MFMI)	317,667	1,081,723	-	-	1,399,390	-	1,399,390
La Fuerza, Inc. (LFI)	694,897	403,219	-	-	1,098,116		1,098,116
Integrated Town Management Corporation (ITMC)	11,256,245	-	11,256,245	-	-	-	-
Various subsidiaries	1,703,515	240,586	-	-	1,944,101	-	1,944,101
Due to Related Parties:							
Richmonde Hotel Group International, Ltd. (RHGI)	P 4,475,463,135	P -	P 12,007,115	P -	P 4,463,456,020	P -	P 4,463,456,020
Eastwood Cyber One Corporation (ECOC)	491,864,620	-	65,756,906	-	426,107,714	-	426,107,714
Megaworld Central Properties, Inc. (MCPI)	204,117,772	-	-	-	204,117,772	-	204,117,772
Megaworld Globus Asia, Inc. (MGAI)	202,579,082	-	-	-	202,579,082	-	202,579,082
Northwin Properties, Inc. (NWPI)	694,567,703	-	499,190,875	-	195,376,828	-	195,376,828
Davao Park District Holdings, Inc. (DPDHI)	156,797,895	-	2,084,580	-	154,713,315	-	154,713,315
Megaworld-Daewoo Corporation (MDC)	59,776,763	-	-	-	59,776,763	-	59,776,763
Eastwood Property Holdings, Inc. (EPHI)	9,316,127	-	96,982	-	9,219,145	-	9,219,145
Megaworld Resort Estates, Inc. (MREI)	7,329,680	-	107,007	-	7,222,673	-	7,222,673
Gilmore Property Marketing Associates, Inc. (GPMAI)	3,123,020	-	-	-	3,123,020	-	3,123,020
Integrated Town Management Corporation (ITMC)	-	2,914,894	-	-	2,914,894	-	2,914,894
Grand Westside Hotel, Inc. (GWHI)	2,322,333	-	1,149,177	-	1,173,156	-	1,173,156
Global One Integrated Business Services, Inc. (GOIBSI)	17,006,922	-	16,971,254	-	35,668	-	35,668
Luxury Global Malls, Inc. (LGMI)	3,242,518	-	3,242,518	-	-	-	-
Belmont Newport Luxury Hotels, Inc. (BNLHI)	400,154	-	400,154	-	-	-	-

Megaworld Corporation and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2025

Title of issue and type of obligation	*Amount authorized by indenture*	*Amount shown under caption "Current portion of long-term debt" in related balance sheet**	*Amount shown under caption "Long-Term Debt" in related balance sheet**
Domestic borrowings	P 100,850,000,000	P 15,461,569,610	P 51,646,290,042
Foreign borrowings	$ 730,505,415	5,574,228,654	30,762,731,187
		P 21,035,798,264	P 82,409,021,229

** composed of interest bearing loans and borrowings, and bonds and notes payable*

Megaworld Corporation and Subsidiaries
Schedule G - Capital Stock
December 31, 2025

				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 - P1 par value	45,640,000,000	32,494,615,872	220,000,000	24,093,818,883	1,792,060	8,399,004,929
Preferred shares - P.01 par value	6,000,000,000	6,000,000,000	-	6,000,000,000	-	-

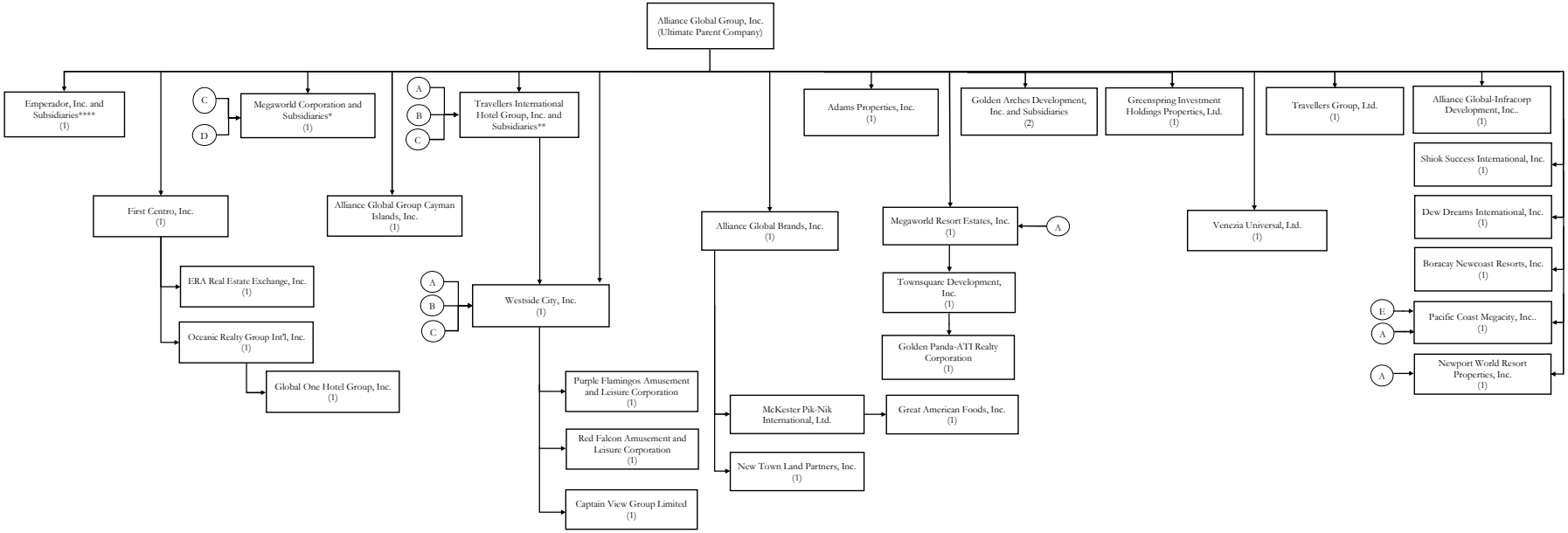
MEGAWORLD CORPORATION
30TH FLOOR, ALLIANCE GLOBAL TOWER, 36TH STREET COR, 11TH AVENUE, UPTOWN BONIFACIO, TAGUIG CITY
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2025

Unappropriated Retained Earnings at Beginning of Year		P	192,479,978,713
Add: Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earning Appropriation/s	-		
Effect of restatements or prior-period adjustments	-		
Realized gain on sale of financial assets at fair value through other comprehensive income	-		
Share-based employee compensation	9,865,781		
Sub-total			9,865,781
Less: Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period	3,059,722,881		
Effect of restatements or prior-period adjustments	-		
Sub-total			3,059,722,881
Unappropriated Retained Earnings, as adjusted			189,430,121,613
Add: Net Income for the Current Year			15,177,128,291
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS :			
Recognition of day-one gain on initial measurement of security deposits at amortized cost	422,723,071		
Rental income from straight-line amortization in excess of rental collections	319,436,553		
Unrealized gain on interest rate swap	114,957,285		
Sub-total			857,116,909
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)			
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS :			
Amortization of day-one gain from security deposits at amortized costs			272,280,922
Adjusted Net Income			14,592,292,304
Add: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)			
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded:	-		
Sub-total			-
Add/ Less: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total			-
Add/ Less: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(64,992,015)		
Net movement of treasury shares (except for reacquisition of redeemable shares)	(126,602,640)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	114,494,598		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others			
Recognition of day-one loss on intial measurement of trade receivables at amortized cost	-		
Commission expense based on the provision of PFRS 15 in excess of commission payments	240,949,527		
Reversal of previously-recognized impairment loss on trade receivables	(8,107,148)		
Fair value loss due to reclassification of investment in an associate	3,546,382		
Sub-total			159,288,705
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P**	**204,181,702,622**

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

Map Showing the Relationship Between Alliance Global Group, Inc. and its Related Parties

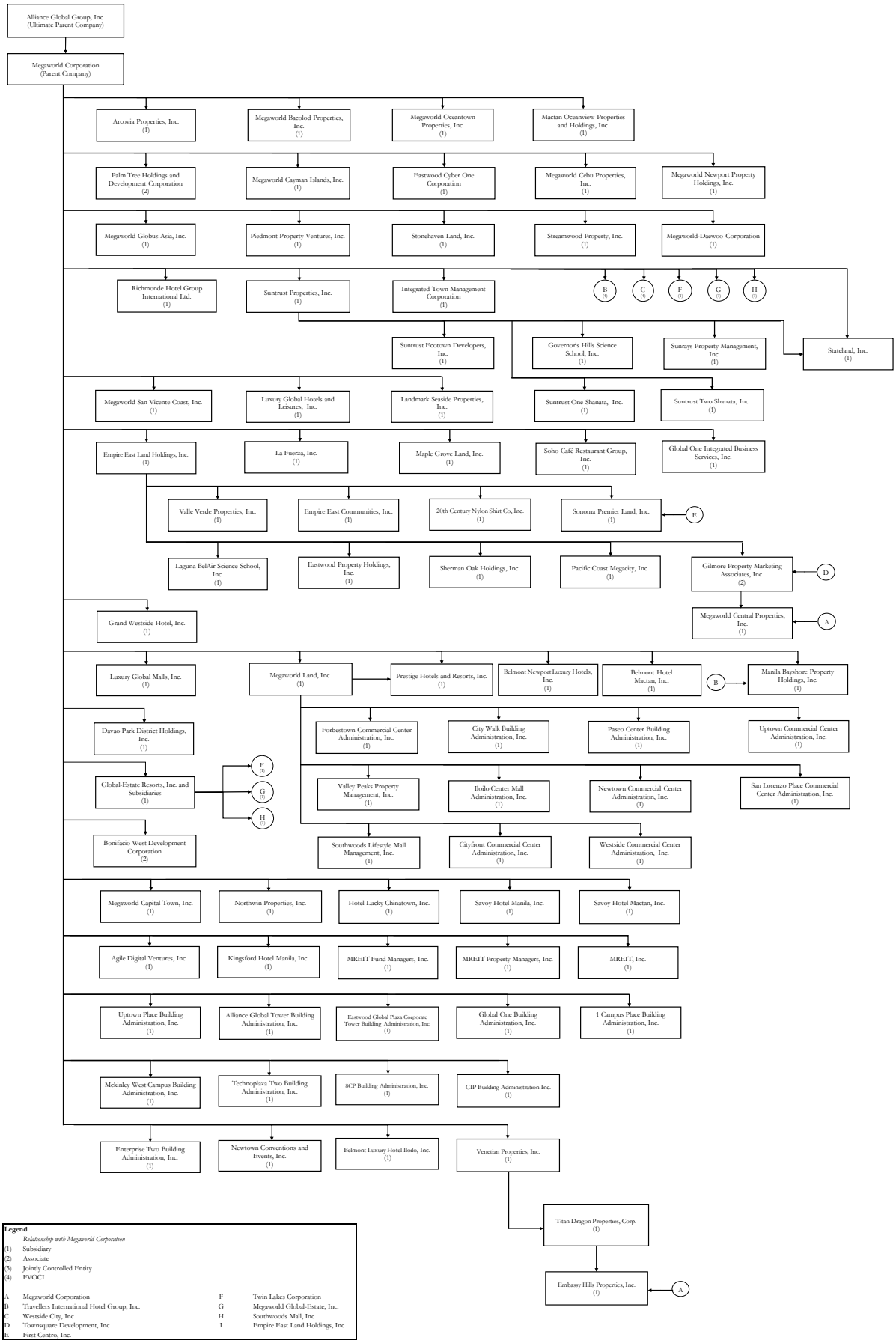
December 31, 2025



Legend

(1)	Subsidiary	A	Megaworld Corporation
(2)	Associate	B	Adams Properties, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.
		D	Newtown Land Partners, Inc.
		E	Empire East Land Holdings, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2025



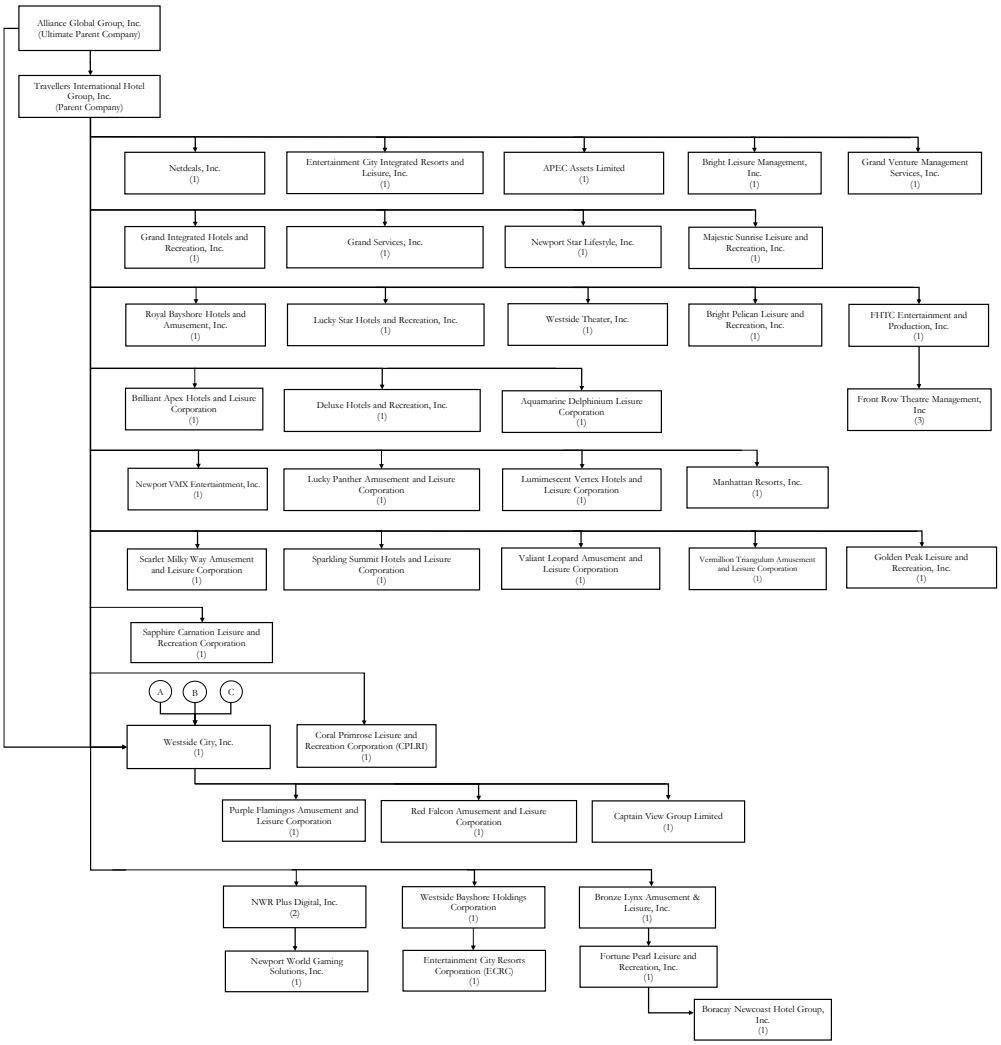
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	F	Twin Lakes Corporation
B	Travellers International Hotel Group, Inc.	G	Megaworld Global-Estate, Inc.
C	Westside City, Inc.	H	Southwoods Mall, Inc.
D	Townsquare Development, Inc.	I	Empire East Land Holdings, Inc.
E	First Centro, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2025



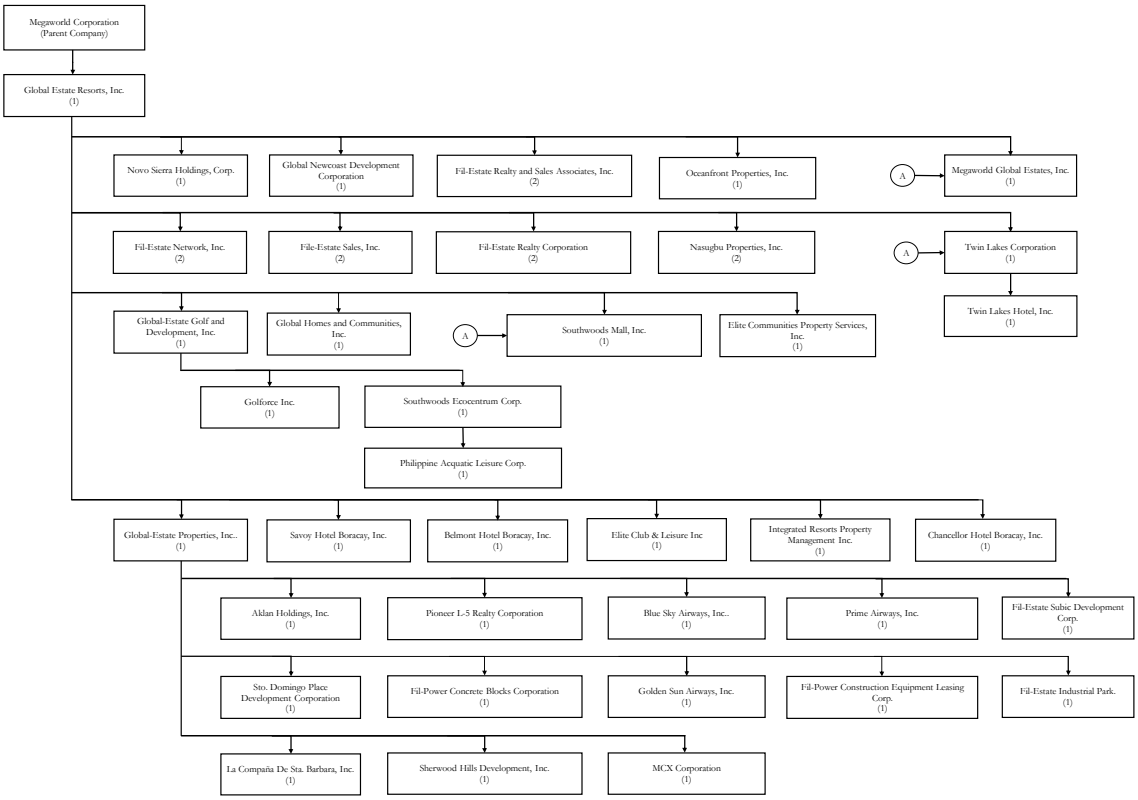
Legend

Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2025

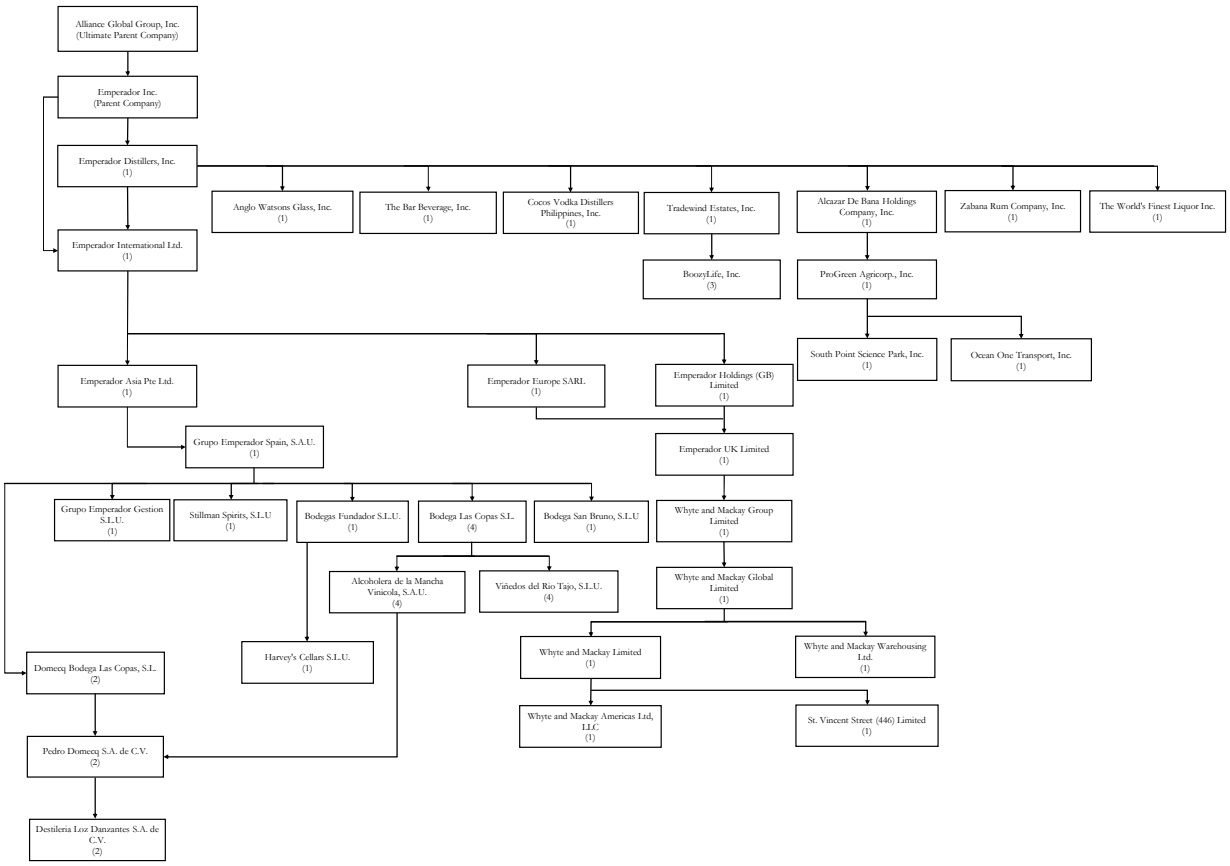


Legend

(1)	Subsidiary
(2)	Associate
(3)	Jointly Controlled Entity
(4)	FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2025



Legend

Relationship with Emperador Inc.

(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

MEGAWORLD CORPORATION AND SUBSIDIARIES
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2025 and 2024

Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets / Current liabilities	**3.54**	3.43
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	**1.68**	1.55
Solvency ratio	EBITDA / Total debt (Total debt includes interest-bearing loans and borrowings and bonds and notes payable)	**0.35**	0.32
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest-bearing loans and borrowings and bonds and notes payable)	**0.34**	0.39
Asset-to-equity ratio	Total assets / Total stockholders' equity	**1.61**	1.68
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	**5.09**	4.87
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	**0.08**	0.08
Return on assets	Net profit/ Average total assets	**0.05**	0.05
Net profit margin	Net profit / Total revenues	**0.28**	0.27

MEGAWORLD CORPORATION
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2025 and 2024
(Amounts in Philippine Pesos)

		2025		2024
Total Audit Fees	**P**	**29,858,673**	P	25,759,000
Non-audit services fees:				
Other assurance services		**-**		-
Tax services		**-**		-
All other services		**1,307,500**		1,640,000
Total Non-audit Fees		**1,307,500**		1,640,000
Total Audit and Non-audit Fees	**P**	**31,166,173**	P	27,399,000

MEGAWORLD CORPORATION
(A Subsidiary of Alliance Global Group, Inc.)

Ownership of Subsidiaries and Affiliates

As at December 31, the Company holds ownership interests in the following subsidiaries and associates:

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2025	2024	2023
Prestige Hotels and Resorts, Inc. (PHRI)		**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)		**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)		**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)		**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		**100%**	100%	100%
Megaworld Oceantown Properties, Inc. [formerly Oceantown Properties, Inc.] (MOPI)		**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		**100%**	100%	100%
Arcovia Properties, Inc. (API)		**100%**	100%	100%
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)	(g)	**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)	(p)	-	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. [formerly San Vicente Coast, Inc.] (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(g)	**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(g)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2025	2024	2023
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. formerly Megaworld Holdings, Inc. (MREIT)	(f)	**54%**	63.44%	55.63%
Grand Westside Hotel, Inc. (GWHI)		**100%**	100%	100%
Belmont Hotel Mactan Inc. (BHMI)	(g)	**100%**	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center Administration, Inc. (CCCAI)	(e)	**100%**	100%	100%
Westside Commercial Center Administration, Inc. (WCCAI)	(e)	**100%**	100%	-
Uptown Place Building Administration Inc. (UPTBAI)	(o)	**100%**	-	-
Alliance Global Tower Building Administration Inc. (AGTBAI)	(o)	**100%**	-	-
Eastwood Global Plaza Corporate Tower Building Administration, Inc. (EGPBAI)	(o)	**100%**	-	-
Global One Building Administration, Inc. (GBOBAI)	(o)	**100%**	-	-
1 Campus Place Building Administration, Inc. (1CPBAI)	(o)	**100%**	-	-
Mckinley West Campus Building Administration, Inc. (MWCBAI)	(o)	**100%**	-	-
Technoplaza Two Building UpdatedAdministration, Inc. (TEP2BAI)	(o)	**100%**	-	-
8CP Building Administration, Inc. (8CPBAI)	(o)	**100%**	-	-
CIP Building Administration, Inc. (CIPBAI)	(o)	**100%**	-	-
Enterprise Two Building Administration, Inc. (ETBAI)	(o)	**100%**	-	-
Newtown Conventions and Events, Inc. (NCEI)	(o)	**100%**	-	-
Venetian Properties, Inc. (VPI)	(k)	**100%**	-	-
Titan Dragon Properties, Corp. (TDPC)	(k)	**50%**	-	-
Embassy Hills Properties, Inc. (EHPI)	(k)	**50%**	-	-
Belmont Luxury Hotel Iloilo, Inc.(BLHII)	(g)	**100%**	-	-
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Suntrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.41%
Global-Estate Resorts, Inc. (GERI)	(m)	**82.51%**	82.51%	82.32%
Elite Communities Property Services, Inc. (ECPSI)	(n)	**82.51%**	82.51%	82.32%
Southwoods Mall, Inc. (SMI)	(n)	**91.19%**	91.19%	91.09%
Elite Club & Leisure Inc. (ECLI)	(n)	**82.51%**	82.51%	82.32%
Integrated Resorts Property Management Inc. (IRPMI)	(n)	**82.51%**	82.51%	82.32%
Megaworld Global-Estate, Inc. (MGEI)	(n)	**89.51%**	89.51%	89.39%
Twin Lakes Corporation (TLC)	(n)	**91.08%**	91.08%	90.99%
Twin Lakes Hotel, Inc. (TLHI)	(n)	**91.08%**	91.08%	90.99%
Global-Estate Properties, Inc. (GEPI)	(n)	**82.51%**	82.51%	82.32%
Aklan Holdings, Inc. (AHI)	(a, n)	**82.51%**	82.51%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a, n)	**82.51%**	82.51%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a, n)	**82.51%**	82.51%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a, n)	**82.51%**	82.51%	82.32%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2025	2024	2023
Golden Sun Airways, Inc. (GSAI)	(a, n)	**82.51%**	82.51%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(n)	**82.51%**	82.51%	82.32%
MCX Corporation (MCX)	(a, n)	**82.51%**	82.51%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a, n)	**82.51%**	82.51%	82.32%
Prime Airways, Inc. (PAI)	(a, n)	**82.51%**	82.51%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)	(n)	**82.51%**	82.51%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a, n)	**82.51%**	82.51%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a, n)	**65.18%**	65.18%	65.03%
Sherwood Hills Development, Inc. (SHD)	(n)	**45.38%**	45.38%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)	(n)	**82.51%**	82.51%	82.32%
Golforce, Inc. (Golforce)	(n)	**82.51%**	82.51%	82.32%
Southwoods Ecocentrum Corp. (SWEC)	(n)	**49.50%**	49.50%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a, n)	**49.50%**	49.50%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)	(n)	**82.51%**	82.51%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a, n)	**82.51%**	82.51%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a, n)	**82.51%**	82.51%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(n)	**82.51%**	82.51%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)	(n)	**82.51%**	82.51%	82.32%
Chancellor Hotel Boracay, Inc. (CHBI)	(n)	**82.51%**	-	-
Oceanfront Properties, Inc. (OFPI)	(n)	**41.26%**	41.22%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership 2025	2024	2023
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holding, Inc. [formerly Suntrus Home Developers, Inc.] (SUN)	(q)	-	34%	34%
SWC Project Management Limited (SWCPML)	(q)	-	34%	34%
WC Project Management Limited (WCPML)	(q)	-	34%	34%
Suncity WC Hotel Inc. (Suncity WC)	(q)	-	34%	34%
GERI				34%
Fil-Estate Network, Inc. (FENI)	(a)	**16.50%**	16.50%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.50%**	16.50%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.50%**	16.50%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.50%**	16.50%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.55%**	11.55%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2025.

(b) As at December 31, 2025, the Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2025, the Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2025, the Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

(e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Company through MLI, their immediate parent company.

(f) MFMI, MPMI and MREIT are subsidiaries incorporated in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009*, including its implementing rules and regulations, and other applicable laws. The Company acquired additional common shares of MREIT through property share swap effective January 2023 resulting to 65.67% ownership. As at 2023, ownership is at 55.63%. As of 2024, ownership is at 63.44%. In July, September and December 2025, the Company disposed certain number of shares resulting in a decrease in ownership to 54.00%.

(g) These were incorporated to engage in owning, leasing, operation and management of hotels.

(h) As at December 31, 2025, the effective ownership of Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) The ownership structure of this entity remains at 60% owned by the Company after a decrease in capital in 2021.

(j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Parent Company were transferred to the Company, increasing the effective ownership of the Company to 58.53%, which consists of 25.84% direct ownership and 32.69% indirect ownership from EELHI.

(k) In December 2025, the Company acquired 100% ownership over VPI. The acquisition was accounted for as an asset acquisition. As a result of the acquisition, TPDC and EHPI, which were existing subsidiaries of VPI prior to the acquisition, became indirect subsidiaries of the Company (see Note 8).

(l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.

(m) In April 2024, the Company acquired additional shares of GERI, increasing its ownership interest to 82.51%. There was no similar transaction in 2025.

(n) Subsidiaries of GERI. As a result of the additional investments in GERI in 2024, the Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI.

(o) These were incorporated to engage in operations, maintenance, and administration of various offices.

(p) In 2025, the Company disposed its ownership interest over GOHGI (see Note 8).

(q) In 2025, the Company disposed certain number of shares reducing its ownership to 0.06% and resulting in the loss of significant influence. Consequently, the investment has been reclassified as a financial asset at fair value through other comprehensive income (FVOCI) (see Notes 8 and 11).

ANNEX "F"

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City , 1209, Metro Manila

COMPANY REG. NO.: CS200342649

CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the Amended Articles of Incorporation of the

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

doing business under the name and style of Newport World Resorts, Arena at Newport World Resorts, Bar 360 at Newport World Resorts, Cabaret, Casa Buenas, Cigar Lounge, Cinemas & Snack Bar, El Calle Bar, Franks Craft Beers Manila, GAMEZOO, Garden Wing Cafe, Ginzadon, Grand Bar Lounge, Grand Club, Happy 8, Holiday Inn Express Manila Newport City, Kim Chi at Newport World Resorts, M-Spa Fitness Center, Newport Cinemas, Newport Dormitory, Newport Entertainment and Commercial Center, Newport Mansion, Newport Performing Arts Theater, NWR Exclusives, Paqman, Passion Chinese Restaurant, PIT BAR, Ratpak & 007, Silk Road at Newport World Resorts, Silogue, SLOT BAR, Sushi Tu, The Terrace at Newport World Resorts, The Whisky Library, Theatre Bar, Victoria Harbour Cafe, WETREPUBLIQ, Wiski's, Marriott Hotel Manila, Banquets at Marriott, Business Center at Marriott, Crema at Marriott Hotel Manila, CRU Steakhouse, Great Room Lounge, In-Room Dining, Man Ho, Marriott Cafe, Marriott Grand Ballroom, Marriott West Wing, MC Bakery at Marriott Hotel Manila, Mian, Pool Bar at Marriott, Quan Spa at Marriott and Still Bar

(Article VI)

copy annexed, adopted on May 2, 2025 by majority vote of the Board of Directors and on June 13, 2025 by the vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 15 of the Revised Corporation Code of the Philippines, Republic Act No. 11232, which took effect on February 23, 2019, and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing/lending company and time shares/club shares/membership certificates issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at The SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City , 1209, Metro Manila, this 31st day of July, Two Thousand Twenty-Five.

BAGONG PILIPINAS

DANIEL P. GABUYO
Assistant Director
Company Registration and Monitoring Department

COVER SHEET
for Applications at
COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

AMENDMENT

SEC Registration Number

CS200342649

Former Company Name

TRAVELLERS INTERNATIONAL HOTEL GROUP INC.

doing business under the name and style of Newport World Resorts, Arena at Newport World Resorts, Bar 360 at Newport World Resorts, Cabaret, Casa Buenas, Cigar Lounge, Cinemas & Snack Bar, El Calle Bar, Franks Craft Beers Manila, GAMEZOO, Garden Wing Cafe, Ginzadon, Grand Bar Lounge, Grand Club, Happy 8, Kim Chi at Newport World Resorts, M-Spa Fitness Center, Newport Cinemas, Newport Dormitory, Newport Entertainment and Commercial Center, Newport Mansion, Newport Performing Arts Theater, NWR Exclusives, Paqman, Passion Chinese Restaurant, PIT BAR, Ratpak & 007, Silk Road at Newport World Resorts, Silogue, SLOT BAR, Sushi Tu, The Terrace at Newport World Resorts, The Whisky Library, Theatre Bar, Victoria Harbour Cafe, WET-REPUBLIQ, Wiski's, Marriott Hotel Manila, Banquets at Marriott, Business Center at Marriott, Crema at Marriott Hotel Manila, CRU Steakhouse, Great Room Lounge, In-Room Dining, Man Ho, Marriott Café, Marriott Grand Ballroom, Marriott West Wing, MC Bakery at Marriott Hotel Manila, Mian, Pool Bar at Marriott, Quan Spa at Marriott, Still Bar and Holiday Inn Express Manila Newport City

AMENDED TO:

New Company Name

Principal Office (No./Street/Barangay/City/Town)Province)

10/F NECC BUILDING, NEWPORT BOULEVARD, NEWPORT CITY CYBER TOURISM ZONE, PASAY CITY, PHILIPPINES

ZIP CODE 1309

COMPANY INFORMATION

Company Email Address	Company's Telephone Number/s	Mobile Number
tihgi@newportworldresorts.com	7908-8000	09157895730

CONTACT PERSON INFORMATION

The designated person MUST be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Michico Rizza G. Oi-Daquil	michico.oi-daquil@newportworldresorts.com	7908-8000	0917-878-8206

Contact Person's Address

10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Pasay City, Philippines

To be accomplished by CRMD Personnel

	Date	Signature
Assigned Processor		

Document I.D.

Received by **Corporate Filing and Records Division (CFRD)**

Forwarded to:

- [ ] Corporate and Partnership Registration Division
- [ ] Green Lane Unit
- [ ] Financial Analysis and Audit Division
- [ ] Licensing Unit
- [ ] Compliance Monitoring Division

AMENDED[1]
ARTICLES OF INCORPORATION
of
Travellers International Hotel Group, Inc.
doing business under the name and style of:
Newport World Resorts
Arena at Newport World Resorts
Bar 360 at Newport World Resorts
Cabaret
Casa Buenas
Cigar Lounge
Cinemas & Snack Bar
El Calle Bar
Franks Craft Beers Manila
GAMEZOO
Garden Wing Cafe
Ginzadon
Grand Bar Lounge
Grand Club
Happy 8
Holiday Inn Express Manila Newport City
Kim Chi at Newport World Resorts
M-Spa Fitness Center
Newport Cinemas
Newport Dormitory
Newport Entertainment and Commercial Center
Newport Mansion
Newport Performing Arts Theater
NWR Exclusives
Paqman
Passion Chinese Restaurant
PIT BAR
Ratpak & 007
Silk Road at Newport World Resorts
Silogue
SLOT BAR
Sushi Tu
The Terrace at Newport World Resorts
The Whisky Library
Theatre Bar
Victoria Harbour Cafe
WET-REPUBLIQ
Wiski's
Marriott Hotel Manila
Banquets at Marriott

[1] As amended by the Board of Directors and Stockholders in their respective meetings held on March 19, 2008, April 11, 2008, June 22, 2009, August 29, 2010, October 9, 2010 and May 19, 2011, May 7, 2013, June 8, 2013, February 12, 2014, February 27, 2014, October 9, 2023, December 7, 2023, July 10, 2024, September 20, 2024, May 2, 2025, and June 13, 2025.

Business Center at Marriott
Crema at Marriott Hotel Manila
CRU Steakhouse
Great Room Lounge
In-Room Dining
Man Ho
Marriott Café
Marriott Grand Ballroom
Marriott West Wing
MC Bakery at Marriott Hotel Manila
Mian
Pool Bar at Marriott
Quan Spa at Marriott
Still Bar

(Formerly: Travellers International Hotel Group, Inc.)
doing business under the name and style of:

Newport World Resorts
Arena at Newport World Resorts
Bar 360 at Newport World Resorts
Cabaret
Casa Buenas
Cigar Lounge
Cinemas & Snack Bar
El Calle Bar
Franks Craft Beers Manila
GAMEZOO
Garden Wing Cafe
Ginzadon
Grand Bar Lounge
Grand Club
Happy 8
Kim Chi at Newport World Resorts
M-Spa Fitness Center
Newport Cinemas
Newport Dormitory
Newport Entertainment and Commercial Center
Newport Mansion
Newport Performing Arts Theater
NWR Exclusives
Paqman
Passion Chinese Restaurant
PIT BAR
Ratpak & 007
Silk Road at Newport World Resorts
Silogue
SLOT BAR
Sushi Tu

The Terrace at Newport World Resorts
The Whisky Library
Theatre Bar
Victoria Harbour Cafe
WET-REPUBLIQ
Wiski's
Marriott Hotel Manila
Banquets at Marriott
Business Center at Marriott
Crema at Marriott Hotel Manila
CRU Steakhouse
Great Room Lounge
In-Room Dining
Man Ho
Marriott Café
Marriott Grand Ballroom
Marriott West Wing
MC Bakery at Marriott Hotel Manila
Mian
Pool Bar at Marriott
Quan Spa at Marriott
Still Bar

(As amended by the Board of Directors and Stockholders in their respective meetings held on July 10, 2024 and September 20, 2024.)

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age and majority of whom are Filipino citizens and residents of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a stock corporation under the laws of the Republic of the Philippines:

AND WE HEREBY CERTIFY:

FIRST: That the name of said Corporation shall be:

"Travellers International Hotel Group, Inc."
doing business under the name and style of:
Newport World Resorts
Arena at Newport World Resorts
Bar 360 at Newport World Resorts
Cabaret
Casa Buenas
Cigar Lounge
Cinemas & Snack Bar
El Calle Bar
Franks Craft Beers Manila
GAMEZOO
Garden Wing Cafe
Ginzadon
Grand Bar Lounge
Grand Club
Happy 8
Holiday Inn Express Manila Newport City
Kim Chi at Newport World Resorts
M-Spa Fitness Center
Newport Cinemas
Newport Dormitory
Newport Entertainment and Commercial Center
Newport Mansion
Newport Performing Arts Theater
NWR Exclusives
Paqman
Passion Chinese Restaurant
PIT BAR
Ratpak & 007
Silk Road at Newport World Resorts
Silogue
SLOT BAR
Sushi Tu
The Terrace at Newport World Resorts
The Whisky Library
Theatre Bar
Victoria Harbour Cafe
WET-REPUBLIQ

Wiski's
Marriott Hotel Manila
Banquets at Marriott
Business Center at Marriott
Crema at Marriott Hotel Manila
CRU Steakhouse
Great Room Lounge
In-Room Dining
Man Ho
Marriott Café
Marriott Grand Ballroom
Marriott West Wing
MC Bakery at Marriott Hotel Manila
Mian
Pool Bar at Marriott
Quan Spa at Marriott
Still Bar

(As amended by the Board of Directors and Stockholders in their respective meetings held on July 10, 2024 and September 20, 2024.)

SECOND: That the purpose or purposes for which said Corporation are formed are:

PRIMARY PURPOSE

Subject to the provisions of the Constitution and existing laws, to acquire, purchase, use, improve, develop, manage, own, lease, maintain, operate, mortgage, exchange, dispose of, hold for investment or otherwise and/or engage in the business of hotels, inns, apartments, private clubs, apartelles, leisure parks, entertainment centers and other tourist- or leisure-oriented establishments and/or places, motels and/or motor lodges, restaurants, caterers, clubs, gardens, shops, stalls, boutiques, parlors, salons, bars, taverns and other real property of any and all kinds and description, and such other allied businesses necessary or connected therewith, guarantee obligations of other corporations or entities, and to operate, manager and/or maintain any and all services and facilities incident or necessary thereto, including the operation and maintenance of shuttle services of all kinds, warehouses, gyms, barber shops, stores, travel bureaus, beauty shops, Turkish baths, spas, swimming pools, tennis courts, golf courses, night clubs, cafes as well as other dining and/or recreational facilities, and all other business appurtenant thereto, allied therewith or complimentary thereto, either alone or in conjunction with others. (Amended as of 29 August 2010)

SECONDARY PURPOSES

1) To invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, hypothecate, exchange or otherwise dispose of personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities and obligations of any corporation or

corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized, and to pay therefor in money or by exchanging therefor stocks, bonds or other evidence of indebtedness or securities of the Corporation or any other corporation; and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and/or dispose of the interests, dividends and/or incomes arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any such stock so owned;

2) To own, lease, operate, conduct, manage or maintain casinos or otherwise deal in terminals computers, equipment or facilities as well as stations, booths or offices for the sale or distribution of tickets, stubs or other forms of gaming, including the business of acting as outlet, advertising or marketing arm form any activity, project or undertaking involving games or amusements of any kind and description and to assist or act as agent, intermediary, liaison or go-between for any individual, corporation, firm or entity engaged in any such business or activity;

3) To promote, establish, operate, manage, own or invest in any and all kinds of business activities or assist or participate in organization, merger or consolidation thereof, and in connection with such activities, to subscribe to, purchase or otherwise acquire shares of stock or other evidence of equity participation in any business enterprise, or purchase or otherwise acquire all or part of assets, franchises, concessions, goodwill of any firm, corporation or establishments as may be allowed by law.

4) To engage in the development, research, manufacture, marketing and distribution of technology and all technology-related products and/or services;

5) To borrow money, to make and issue notes, and other evidence of indebtedness of all kinds and t secure the same by mortgage, pledge, or otherwise, in amounts as the business of the Corporation may require;

6) To deal in, engage and/or transact directly or indirectly, all forms, of business and mercantile acts and transactions concerning all kinds of real or personal properties, movables, semi-movables or immovable, goods, wares, chattels, choses in action, tangible and intangible properties, technical and industrial equipment and machineries, personal and real rights, commercial papers and documents, securities, evidence of indebtedness or things, including future one, which are not excluded from the commerce of man or which are not contrary to law or good morals;

7) To borrow or raise money or funds for the purpose/s of the Corporation, and in pursuance thereof, to issue mortgage, hypothecation, deed of trust, debenture, bond, lien or obligation of the Corporation either at par or premium value, secured by all or part of the undertakings, revenues, rights and properties of the Corporation and to exchange or vary from time to time any such securities;

8) To carry on a general mercantile and commercial business, buying or otherwise acquiring, holding, importing and exporting, selling and otherwise disposing, and dealing in goods, wares, merchandise or any thing of any nature, natural or artificial, which is or may become an article of commerce;

9) To act as commercial or general agent or factor, to undertake the general management or representation of any person, either within or without the Philippines; in no case however, shall the Corporation manage the funds, securities and portfolios and similar assets of such manage entities; any transaction or negotiation of any business of shipping, air, water or land passenger and/or freight transportation, maritime, commercial, manufacturing or other business of any nature whatsoever and while so acting as such agent, factor or manager, to perform such act, enter into such contracts and obligations and carry on such transactions as shall tend to promote the best interest/s of the Corporation and of those it represents;

10) To do a general business as commission merchant, selling agent or factor and conduct, manage, and operate the general business of importers and exporters, to make such contracts as may from time to time be required to be made; to deal or traffic in, negotiate, acquire, keep and dispose of commercial or other papers;

11) In furtherance of its business, enter into, make, perform and carry out, or cancel and rescind contracts of every kind and for any lawful purpose with any such person, firm association, corporation, syndicate, domestic or foreign or others;

12) As principal, agent or broker, on commission basis or otherwise, to acquire by purchase or lease, hold, construct, improve, develop, repair, administer, manage, maintain, operate, sell, exchange, market, lease, let, mortgage, grant, or take licenses in respect of real property of every kind, corporeal and incorporeal, and every kind of estate, right or interest therein or pertaining thereto located in the country or in any other part of the world; to erect construct except locally-funded government projects, improve, repair, raze and wreck dwellings, apartments, houses, buildings, structures and/or works of all kinds for itself or for others; to law out, grade, pave, and dedicate roads, streets, avenues, highways, alleys, lanes, courts, paths, walks, parks and playgrounds; to buy, sell and deal in building materials and supplies; and generally to do everything suitable, proper and conducive to the successful conduct of real estate management, agency or brokerage business, local or in any part of the world;

13) To apply for, obtain, register, lease, license, purchase or otherwise acquire, and to hold, use, own, operate, sell, assign or otherwise dispose of any trademark, trade name, trade secret, formula, patent, invention, copyright, improvement and process used in connection with or secured under letter, patent or copyright, domestic or foreign;

14) Directly or indirectly; to buy, sell, rent, manufacture, install, use, operate, and generally deal in with machines, mechanisms, devices, apparatuses, inventions, gadgets, and equipments, of all kinds and types, and technical and industrial improvements known to and within the commerce of man;

15) To make, enter into, execute, ratify, confirm, sign, undertake and perform contracts of any and all kinds and description with any person, firm or corporation, whether governmental, public or private, without limit as to amount and conditions, including but not by way of limitations, contracts creating rights, encumbrances, liens, assessments, servitudes and other privileges respecting any of the property of any kind owned by the Corporation;

16) To have one or more offices conduct its business and promote its objects, within and without the Republic of the Philippines, and in all countries foreign thereto, without restrictions as to the place or amount;

17) To do all such other things and acts as are necessary or impliedly included, incidental or conducive to the attainment of the above objects or any one of them or which may be calculated, directly or indirectly, to enhance the value of or render profitable any business of the Corporation, always provided that nothing shall be done in connection with any of the above object which is prohibited by any of the laws of the Philippines now or hereafter existing, and provided further that the funds of the Corporation invested for one purpose shall not be diverted for another purpose except in accordance with the Corporation Code, as amended.

And in furtherance of the foregoing purposes, the Corporation shall have the powers:

a) To lease lands or otherwise purchase, acquire, own, lease, sell and/or convey properties such as buildings, factories and warehouses and machineries, equipment and other personal properties as may be deemed necessary or incidental to the conduct of the corporate business; and to pay in cash, shares of its capital stock, debentures and other evidence of indebtedness, or other securities as may be deemed expedient for any business or property acquired by the Corporation;

b) To buy, sell, hold and own or otherwise deal in open accounts, conditional sale contracts, commercial papers, bills of lading, warehouse receipts, bonds and securities, including personal property, leases, contracts, mortgages and choses in action of any and every kind; provided, that the funds to be devoted for such business shall not be derived from the public through receipt of deposits, or sale of bonds or obligations of any kind, without engaging as a stockbroker or dealer in securities;

c) To apply for, register, purchase or otherwise acquire, use, protect and renew any patent, patent right, license, concession, trademark, tradename, invention, formula or process used or capable of being used in connection with any of the business of the Corporation of the acquisition of which may directly or indirectly benefit the Corporation, and to use, exercise, develop, sell, assign or otherwise dispose of or grant license in respect of the property, rights, trademarks or other information so acquired, and to spend money in experimenting upon the testing or improvement of any patent, invention or right which the Corporation may acquire or propose to acquire;

d) To enter into, make, perform and carry out contracts of every kind which may be necessary or convenient for the business of the Corporation, without limit as to amount, with any person, firm, association or corporation as the purposes for which this Corporation is formed, may permit, or as may be convenient or necessary for the transaction of the lawful business of the Corporation;

e) To adopt such other business names or styles other than its corporate name;

f) To conduct any and all lawful activities, and to do and cause to be done any one or more acts and things herein set forth as its purposes, within or without the

Philippines, in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of any of the purposes or to exercise any one or more of the powers herein enumerated, of which shall at any time appear conducive or expedient for the protection or benefit of the Corporation, including the exercise of powers, authorities and attributes conferred upon commercial corporations by the laws of the Republic of the Philippines.

The foregoing clauses shall each be construed as purposes, objects and powers and it is hereby expressly provided that the foregoing enumeration of specific purposes, objects and powers shall not be held to limit or restrict in any manner the powers of the Corporation, and that they are in furtherance thereof and in addition to and not n limitation of the general powers conferred upon of the Corporation by the laws of the Republic of the Philippines or otherwise, nor shall the enumeration of one thing be deemed to exclude another, although it be of like nature not expressed.

THIRD: That the place where the principal office of the Corporation is to be established or located is at 10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Barangay 183, Pasay City, Philippines. (As amended by the Board of Directors and Stockholders on October 9, 2023 and December 7, 2023.)

FOURTH: That the Corporation shall have perpetual existence. (As amended by the Board of Directors and Stockholders in their respective meetings held on 10 July 2024 and 20 September 2024.)

FIFTH: That the names, nationalities and the addresses of the incorporators of said Corporation are as follows, to wit:

Name	Citizenship	Address
CHANG CHU FAI	Portuguese	Rm. 3308, 33rd Floor, Bank of America Tower, #12 Hardcourt Road, Central, Hong Kong
ENRIQUE M. SORIANO III	Filipino	6th Floor, Paseo Center Bldg. Paseo de Roxas corner Sedeño St., Makati City, Metro Manila
CARMEN C. FERNANDO	Filipino	The Richmonde Hotel San Miguel Avenue cor. Lourdes Street, Ortigas Center, Pasig City
ELEIZER S. JOAQUIN	Filipino	20th Floor, IBM Plaza Bldg. Eastwood Avenue,

		Eastwood City, Cyberpark, Quezon City, M. Manila
GERARDO T. FRANCIA	Filipino	20th Floor, IBM Plaza Bldg. Eastwood Avenue, Eastwood City, Cyberpark, Quezon City, M. Manila

SIXTH: That the number of directors of said Corporation shall be five (5) members, with at least **one (1) independent director,** and that the names and residences of the first directors of the said Corporation who are to serve until their successors are duly-elected and –qualified as provided in the By-Laws are as follows, to wit: **(As amended by the Board of Directors and Stockholders in their respective meetings held on 02 May 2025 and 13 June 2025.)**

Name	Citizenship	Address
CHANG CHU FAI	Portuguese	Rm. 3308, 33rd Floor, Bank of America Tower, #12 Hardcourt Road, Central, Hong Kong
ENRIQUE M. SORIANO III	Filipino	6th Floor, Paseo Center Bldg. Paseo de Roxas corner Sedeño St., Makati City, Metro Manila
CARMEN C. FERNANDO	Filipino	The Richmonde Hotel San Miguel Avenue cor. Lourdes Street, Ortigas Center, Pasig City
ELEIZER S. JOAQUIN	Filipino	20th Floor, IBM Plaza Bldg. Eastwood Avenue, Eastwood City, Cyberpark, Quezon City, M. Manila
GERARDO T. FRANCIA	Filipino	20th Floor, IBM Plaza Bldg. Eastwood Avenue, Eastwood City, Cyberpark, Quezon City, M. Manila

SEVENTH: That the amount of capital stock of said Corporation is TEN BILLION PESOS (PhP10,000,000,000.00), Philippine currency, and said capital stock is divided into TWENTY FIVE BILLION (25,000,000,000) COMMON Shares with par value of Ten Centavos (PhP0.10) per share; SEVENTY THREE BILLION (73,000,000,000) non-voting, non-participating,

redeemable PREFERRED A Shares with par value of Ten Centavos (PhP0.10) per share; and, redeemable, voting, participating TWENTY BILLION (20,000,000,000) PREFERRED B Shares with par value of One Centavo (PhP0.01) per share. The PREFERRED shares are redeemable at the option of the Corporation under such other terms and conditions as may be determined by the Corporation. All PREFERRED shares are re-issuable at the option of the Corporation. (As amended by the Board of Directors and Stockholders in their respective meetings held on 9 June 2013 and by the Board of Directors on 12 February 2014 and the Stockholders via written assent on 27 February 2014.)

Any of Preferred A and/or Preferred B Shares may be issued from time to time, in one or more series, as the Board of Directors, through a resolution, may determine, and authority is hereby expressly granted to the Board of Directors to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate, price, amount of participation, and other terms and conditions for each such preferred shares, which resolution(s) shall thereupon be deemed a part of these Articles of Incorporation. (As amended by the Board of Directors and Stockholders in their respective meetings held on 8 June 2013.)

EIGHT: That the amount of said capital stock which has been actually subscribed is ONE HUNDRED FORTY-TWO MILLION FIVE HUNDRED THOUSAND PESOS (PhP142,500,000.00), Philippine currency, and that the following stockholders have subscribed for the number of shares and amount of capital stock set out after their respective names, to wit:

Name	Citizenship	No. of Shares Subscribed	Amount of Capital Stock Subscribed
WASHINGTON ASSETS, LTD.	British Virgin Islands	142,499,995	PhP142,499,995
CHANG CHU FAI	Portuguese	1	1.00
ENRIQUE M. SORIANO III	Filipino	1	1.00
CARMEN C. FERNANDO	Filipino	1	1.00
ELEIZER S. JOAQUIN	Filipino	1	1.00
GERARDO T. FRANCIA	Filipino	1	1.00
	Total -	142,500,000	Php142,500,000.00

NINTH: That the following persons have paid on the shares of capital stock for which they have subscribed, the amounts set out after their respective names, to wit:

Name	Citizenship	Amount of Paid-Up
WASHINGTON ASSETS, LTD.	British Virgin Islands	PhP142,499,995
CHANG CHU FAI	Portuguese	1.00
ENRIQUE M. SORIANO III	Filipino	1.00
CARMEN C. FERNANDO	Filipino	1.00
ELEIZER S. JOAQUIN	Filipino	1.00
GERARDO T. FRANCIA	Filipino	1.00
		Php142,500,000.00

TENTH: That ELEIZER S. JOAQUIN has been elected Treasurer of the Corporation, to act as such until her successor is duly-elected and –qualified in accordance with the By-Laws, and that as such Treasurer, she has been authorized to receive for the Corporation and to receive in its name all the subscriptions paid in by all subscribers.

ELEVENTH: Directors and all other officers of the Corporation shall receive such compensation as the stockholders and the Board of Directors of the Corporation may provide, respectively.

TWELFTH: That all stockholders of the Corporation shall not enjoy any pre-emptive right to subscribe to any issue or disposition of shares of any class of the Corporation.

THIRTEENTH: No transfer of stock or interest which would reduce the stock ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the Corporation and this restriction shall be indicated in the stock certificates issued by the Corporation. (As amended by the Board of Directors and Stockholders in their respective meetings held on 07 May 2013.)

IN WITNESS WHEREOF, we have hereunto set our hands this 4th day of December 2003 at Pasig City, Metro Manila, Philippines.

(Sgd.) CHANG CHU FAI
(Incorporator)

(Sgd.) ENRIQUE M. SORIANO III
(Incorporator)

(Sgd.) CARMEN C. FERNANDO
(Incorporator)

(Sgd.) ELEIZER S. JOAQUIN
(Incorporator)

(Sgd.) GERARDO T. FRANCIA
(Incorporator)

Signed in the presence of:

(Sgd.) Illegible

(Sgd.) Illegible

A C K N O W L E D G M E N T

Republic of the Philippines)
Makati, Metro Manila) S.S.

BEFORE ME, a Notary Public for and in Makati City, Metro Manila, Philippines this 8th day of December 2003 at Makati City, Metro Manila, Philippines, personally appeared the following to wit:

Name	CTC No.	Date/Place Issued
Chang Chu Fai	PP-RO11712	March 23, 2001; Macau, China
Enrique M. Soriano III	12739702	January 21, 2003; Manila
Eleizer S. Joaquin	15595876	January 20, 2003; Quezon City
Carmen C. Fernando	00492741	January 30, 2003; Pasig City
Gerardo T. Francia	15594686	January 21, 2003; Quezon City

Known to me and to me known to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their own free and voluntary act and deed.

This instrument relates to the Amended Articles of Incorporation of Travelers International Hotel Group, Inc. consisting of eight (8) pages, including the page where this acknowledgement is written, signed by the parties and their instrumental witnesses on each and every page thereof and sealed in my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand on the day, year and place first aforewritten.

(Sgd). FATIMA S. REYES
Notary Public
Until December 2003
PTR No. 7635224; 1-16-03; Makati City
IBP Lifetime Roll No. 02816; Leyte

Doc No. 298;
Page No. 61;
Book No. VII;
Series of 2003.

SECURITIES AND EXCHANGE COMMISSION
CRMD
30 JUL 2025
RECEIVED
By: _____ Time: _____

DIRECTORS' CERTIFICATE

We, the undersigned members of the Board of Directors and the Corporate Secretary of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.** ("Corporation"), do hereby certify that the accompanying copies of the Amended Articles of Incorporation of the Corporation are true and correct, and were amended by a majority vote of the Board of Directors and the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock at the meetings held for that purpose on 02 May 2025 and 13 June 2025, respectively.

The amended provision of the attached Amended Articles of Incorporation refer to the **Sixth Clause** to reduce the number of independent directors from two (2) to one (1).

IN WITNESS WHEREOF, we have hereunto set our hands on JUN 27 2025 in Pasay City.

KEVIN ANDREW L. TAN
Director / Chairman
TIN 224-803-734

ANDREW L. TAN
Director
TIN 125-960-003

MA. GEORGINA A. ALVAREZ
Executive Director
TIN 173-373-507

NILO THADDEUS P. RODRIGUEZ
Director / President and Chief Executive Officer
TIN 102-095-755

ENRIQUETO LEONARDO M. SORIANO
Independent Director
TIN 133-182-709

COUNTERSIGNED BY:

RONALD MARK C. LLENO
Corporate Secretary
TIN 228-617-957

SUBSCRIBED AND SWORN to before me on JUN 2 7 2025, affiants exhibiting to me their respective government issued IDs with the corresponding dates and places of issue:

NAME	Valid Gov't. Issued ID
KEVIN ANDREW L. TAN	TIN 224-803-734
ANDREW L. TAN	TIN 125-960-003
MA. GEORGINA A. ALVAREZ	TIN 173-373-507
NILO THADDEUS P. RODRIGUEZ	TIN 102-095-755
RONALD MARK C. LLENO	TIN 228-617-957

WITNESS MY HAND AND SEAL, on the date and at the place above-written.

JUNNA LYNNE R. PANTINO
Notary Public
ROLL NO. 86875
PASAY CITY, PHILIPPINES

Doc. No. 237;
Page No. 49;
Book No. IV;
Series of 2025.

"DOCUMENTARY STAMP TAX PAID"
04349839 JUN 2 7 2025
(SERIAL NUMBER) (DATE)

JUNNA LYNNE R. PANTINO
Notary Public for Pasay City
NOTARIAL COMMISSION No. 24-45
Until December 31, 2025
PTR No. 8833703, 06 January 2025/Pasay City
IBP No. 496212, 03 January 2025/Catanduanes
Roll of Attorneys No. 86875
10/F NECC Building, Newport Boulevard,
Newport City, 1309 Pasay City, Metro Manila
MCLE Compliance No. VIII-0016251; 11/22/2024; Pasig City

SUBSCRIBED AND SWORN to before me on JUN 30 2025, affiant exhibiting to me his government issued ID with the corresponding date and place of issue:

NAME	**Valid Gov't. Issued ID**
ENRIQUETO LEONARDO M. SORIANO	TIN 133-182-709

WITNESS MY HAND AND SEAL, on the date and at the place above-written.

Doc. No. 244;
Page No. 50;
Book No. IV;
Series of 2025.

JUNNA LYNNE R. PANTINO
Notary Public
ROLL NO. 86875
PASAY CITY, PHILIPPINES

"DOCUMENTARY STAMP TAX PAID"
09349840 JUN 30 2025
(SERIAL NUMBER) (DATE)

JUNNA LYNNE R. PANTINO
Notary Public for Pasay City
NOTARIAL COMMISSION No. 24-45
Until December 31, 2025
PTR No. 8833703, 06 January 2025/Pasay City
IBP No. 496212, 03 January 2025/Catanduanes
Roll of Attorneys No. 86875
10/F NECC Building, Newport Boulevard,
Newport City, 1309 Pasay City, Metro Manila
MCLE Compliance No. VIII-0016251; 11/22/2024; Pasig City

REPUBLIC OF THE PHILIPPINES)
PASAY CITY) S.S.

SECRETARY'S CERTIFICATE

I, **RONALD MARK C. LLENO**, Filipino citizen, of legal age, with office address at SyCipLaw Center, 105 Paseo de Roxas, Makati City, after having sworn in accordance with law, hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.** (the "Company"), a corporation duly registered with the Commission and in good standing, with principal office at 10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Pasay City, Philippines.

2. To the best of my knowledge, from the date of approval of the amendment by the Board of Directors in a meeting held on 02 May 2025 and the Stockholders in a meeting held on 13 June 2025 up to the date of filing of the application for amendment of Articles of Incorporation with the Commission, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or any claim by any person or group against the board of directors, individual director and/or major corporate officer/s of the Corporation as its duly elected and/or appointed director or officer or vice versa.

IN WITNESS WHEREOF, I have hereunto set my hand on JUN 30 2025 in PASAY CITY.

RONALD MARK C. LLENO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this JUN 30 2025, in PASAY CITY, Philippines, by affiant who is personally known to me, exhibiting to me his Passport I.D. with ID No. PO456211B valid until 28 January 2029, as competent evidence of his identity.

Doc. No. 245;
Page No. 50;
Book No. IV;
Series of 2025.

JUNNA LYNNE R. PANTINO
Notary Public
ROLL NO. 86875
PASAY CITY, PHILIPPINES

"DOCUMENTARY STAMP TAX PAID"
04349841 (SERIAL NUMBER)
JUN 30 2025 (DATE)

JUNNA LYNNE R. PANTINO
Notary Public for Pasay City
NOTARIAL COMMISSION No. 24-45
Until December 31, 2025
PTR No. 8833705, 06 January 2025/Pasay City
IBP No. 496212, 03 January 2025/Catanduanes
Roll of Attorneys No. 86875
10/F NECC Building, Newport Boulevard,
Newport City, 1309 Pasay City, Metro Manila
MCLE Compliance No. VIII-0016751; 11/22/2024; Pasig City

ANNEX "G"

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messagemo@sec.gov.ph

The following document has been received:

Receiving: Edmundo Guia
Receipt Date and Time: June 25, 2025 03:40:38 PM

Company Information

SEC Registration No.: CS200342649
Company Name: TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. DOING BUSINESS UNDER THE NAME AND STYLE OF: MAXIMS MANILA HOTEL MARRIOTT HOTEL MANILA REMINGTON HOTEL THE TERRACES AT MAXIMS, RWM M-SPA FITNESS CENTER
Industry Classification: K70000
Company Type: Stock Corporation

Document Information

Document ID: OST10625202583539142
Document Type: GENERAL_INFORMATION_SHEET
Document Code: GIS
Period Covered: June 13, 2025
Submission Type: Annual Meeting
Remarks: None

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

GENERAL INFORMATION SHEET

FOR THE YEAR **2025**

STOCK CORPORATION

GENERAL INSTRUCTIONS:

1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE **CORPORATE SECRETARY** OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE
6. **ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.**
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.	**DATE REGISTERED:** 12/17/2003
BUSINESS/TRADE NAME: (Please see Annex "A" for tradenames)	**FISCAL YEAR END:** December 31
SEC REGISTRATION NUMBER: CS200342649	
DATE OF ANNUAL MEETING PER BY-LAWS: Second Friday of June	**CORPORATE TAX IDENTIFICATION NUMBER (TIN)** 246-099-058-000
ACTUAL DATE OF ANNUAL MEETING: 13 June 2025	**WEBSITE/URL ADDRESS:** www.travellers.com.ph
COMPLETE PRINCIPAL OFFICE ADDRESS: 10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Barangay 183, Pasay City	**E-MAIL ADDRESS:** tihgi@newportworldresorts.com
COMPLETE BUSINESS ADDRESS: 10/F NECC Building, Newport Boulevard, Newport City Cybertourism Zone, Barangay 183, Pasay City	**FAX NUMBER:** 7908-8107

OFFICIAL E-MAIL ADDRESS	ALTERNATE E-MAIL ADDRESS	OFFICIAL MOBILE NUMBER	ALTERNATE MOBILE NUMBER
tihgi@newportworldresorts.com	legal@newportworldresorts.com	09178788206	09178728116

NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER: PUNONGBAYAN & ARAULLO - Yusoph A. Maute	**SEC ACCREDITATION NUMBER (if applicable):** N.A.	**TELEPHONE NUMBER(S):** 7908-8000
PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN: To engage in the business of hotels, inns, apartments, private clubs, apartelles, leisure parks, entertainment centers and other tourist or leisure oriented establishments.	**INDUSTRY CLASSIFICATION:** N.A.	**GEOGRAPHICAL CODE:** N.A.

========== INTERCOMPANY AFFILIATIONS ==========

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
Please see Annex "B"		
SUBSIDIARY/AFFILIATE	**SEC REGISTRATION NO.**	**ADDRESS**
Please see Annex "B"		

NOTE: USE ADDITIONAL SHEET IF NECESSARY

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

Corporate Name: TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365) ◉ Yes ○ No

Please check the appropriate box:

1.

a. Banks
b. Offshore Banking Units
c. Quasi-Banks
d. Trust Entities
e. Non-Stock Savings and Loan Associations
f. Pawnshops
g. Foreign Exchage Dealers
h. Money Changers
i. Remittance Agents
j. Electronic Money Issuers
k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

2.

a. Insurance Companies
b. Insurance Agents
c. Insurance Brokers
d. Professional Reinsurers
e. Reinsurance Brokers
f. Holding Companies
g. Holding Company Systems
h. Pre-need Companies
i. Mutual Benefit Association
j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.

a. Securities Dealers
b. Securities Brokers
c. Securities Salesman
d. Investment Houses
e. Investment Agents and Consultants
f. Trading Advisors
g. Other entities managing Securities or rendering similar services
h. Mutual Funds or Open-end Investment Companies
i. Close-end Investment Companies
j. Common Trust Funds or Issuers and other similar entities
k. Transfer Companies and other similar entities
l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
m. Entities administering of otherwise dealing in valuable objects
n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

4. Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:

a. acting as a formation agent of juridical persons
b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons
c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:

a. managing of client money, securities or other assets
b. management of bank, savings or securities accounts
c. organization of contributions for the creation, operation or management of companies
d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. None of the above

Describe nature of business:	Hotels & other tourist or leisure oriented establishments

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS? ◉ Yes ○ No

PLEASE PRINT LEGIBLY ==========

CORPORATE NAME:	TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

CAPITAL STRUCTURE

AUTHORIZED CAPITAL STOCK

	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP) (No. of shares X Par/Stated Value)
	Common	25,000,000,000	0.10	2,500,000,000.00
	Preferred A	73,000,000,000	0.10	7,300,000,000.00
	Preferred B	20,000,000,000	0.01	200,000,000.00
	TOTAL	118,000,000,000	TOTAL P	10,000,000,000.00

SUBSCRIBED CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	177	Common	12,346,643,893	5,488,937	0.10	1,234,664,389.30	40.33%
	2	Preferred B	10,868,841,234		0.01	108,688,412.34	35.51%
		TOTAL	23,215,485,127	TOTAL	TOTAL P	1,343,352,801.64	75.84%

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
British Indian	3	Common	5,663,599,980	65,534,058	0.10	566,359,998.00	18.50%
British Indian	1	Preferred B	1,666,666,667		0.01	16,666,666.67	5.44%
Singaporean	3	Common	44,769,100		0.10	4,476,910.00	0.15%
Hong Kong	2	Common	4,013,700		0.10	401,370.00	0.01%
Malaysian	2	Common	1,548,500		0.10	154,850.00	0.01%
Belgian	1	Common	800,000		0.10	80,000.00	0.00%
Indonesian	1	Common	546,400		0.10	54,640.00	0.00%
Others	21	Common	13,857,358		0.10	1,385,735.80	0.05%
Percentage of Foreign Equity :		TOTAL	7,395,801,705	TOTAL	TOTAL P	589,580,170.47	24.16%
					TOTAL SUBSCRIBED P	1,932,932,972.11	100%

PAID-UP CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	177	Common	12,346,643,893	0.10	1,234,664,389.30	40.33%
	2	Preferred B	10,868,841,234	0.01	108,688,412.34	35.51%
		APIC			7,445,614,487.69	
		TOTAL	23,215,485,127	TOTAL P	8,788,967,289.33	75.84%

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
British Indian	3	Common	5,663,599,980	0.10	566,359,998.00	18.50%
British Indian	1	Preferred B	1,666,666,667	0.01	16,666,666.67	5.44%
Singaporean	3	Common	44,769,100	0.10	4,476,910.00	0.15%
Hong Kong	2	Common	4,013,700	0.10	401,370.00	0.01%
Malaysian	2	Common	1,548,500	0.10	154,850.00	0.01%
Belgian	1	Common	800,000	0.10	80,000.00	0.00%
Indonesian	1	Common	546,400	0.10	54,640.00	0.00%
Others	21	Common	13,857,358	0.10	1,385,735.80	0.05%
		TOTAL	7,395,801,705	TOTAL P	589,580,170.47	24.16%
				TOTAL PAID-UP P	9,378,547,459.80	100%

NOTE: USE ADDITIONAL SHEET IF NECESSARY

* Common, Preferred or other classification

** Other than Directors, Officers, Shareholders owning 10% of outstanding shares.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== **PLEASE PRINT LEGIBLY** ==========

CORPORATE NAME: **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**

DIRECTORS / OFFICERS

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. ANDREW L. TAN	Filipino	N	M	M	Y	N/A	E/M C/C BROC/M	
2. KEVIN ANDREW L. TAN	Filipino	N	C	M	Y	Chairman	E/C N/M RPTC/C	
3. NILO THADDEUS P. RODRIGUEZ	Filipino	N	M	M	Y	President and CEO	E/M A/M N/M CGC/M	
4. MA. GEORGINA A. ALVAREZ	Filipino	N	M	F	Y	Executive Director	E/M C/M N/C A/M CGC/M BROC/M RPTC/M	
5. ENRIQUETO LEONARDO M. SORIANO	Filipino	Y	I	M	Y	N/A	E/M C/M A/C N/M CGC/C BROC/C RPTC/M	
6. LANCE PAUL GAUTREAUX	American	N	N	M	N	Chief Operating Officer	N/A	
7. LAURENCE JAMES HAWKE	Australian	N	N	M	N	Chief Financial Officer / Investor Relations Officer / Corporate Information Officer	N/A	
8. RONALD MARK C. LLENO	Filipino	N	N	M	N	Corporate Secretary	N/A	
9. WALTER L. MACTAL	Filipino	N	N	M	N	Compliance Officer/ Assistant Corporate Secretary	N/A	
10.								
11.								
12.								

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.

FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.

FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.

FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.

FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.

FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**

TOTAL NUMBER OF STOCKHOLDERS: **210** | **NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:** 194

TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS: 122,660,533,903

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
1 **ADAMS PROPERTIES, INC.** Filipino	Common	3,539,750,000	353,975,000.00	38.79%	437,308,333.33	
	Pref. B	8,333,333,333	83,333,333.33			
	TOTAL	**11,873,083,333**	**437,308,333.33**			
2 **ALLIANCE GLOBAL GROUP, INC.** Filipino	Common	7,612,862,823	761,286,282.30	33.15%	8,232,255,849.00	
	Pref. B	2,535,507,901	25,355,079.01			
	APIC		7,445,614,487.69			
	TOTAL	**10,148,370,724**	**8,232,255,849.00**			
3. **STAR CRUISES PHILIPPINES HOLDINGS B.V.** British Indian	Common	2,831,799,980	283,179,998.00	14.70%	299,846,664.67	
	Pref. B	1,666,666,667	16,666,666.67			
	TOTAL	**4,498,466,647**	**299,846,664.67**			
4. **ASIAN TRAVELLERS, LTD.** British Indian	Common	1,784,034,000	178,403,400.00	5.83%	178,403,400.00	
	TOTAL	**1,784,034,000**	**178,403,400.00**			
5. **PREMIUM TRAVELLERS LTD.** British Indian	Common	1,047,766,000	104,776,600.00	3.42%	104,776,600.00	
	TOTAL	**1,047,766,000**	**104,776,600.00**			
6. **FIRST CENTRO, INC.** Filipino	Common	707,949,970	70,794,997.00	2.31%	70,794,997.00	
	TOTAL	**707,949,970**	**70,794,997.00**			
7. **MEGAWORLD CORPORATION** Filipino	Common	290,587,162	29,058,716.20	0.95%	29,058,716.20	
	TOTAL	**290,587,162**	**29,058,716.20**			
	SUBTOTAL	**30,350,257,836**				
SUBTOTAL AMOUNT OF SUBSCRIBED CAPITAL			**9,352,444,560.20**	**99.15%**		
SUBTOTAL AMOUNT OF PAID-UP CAPITAL					**9,352,444,560.20**	

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME:	**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**		
TOTAL NUMBER OF STOCKHOLDERS:	**210**	**NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:**	194
TOTAL ASSETS BASED ON LATEST AUDITED FS:	122,660,533,903		

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFCATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
8. **MEGAWORLD CEBU PROPERTIES,INC.** Filipino	Common	190,000,000	19,000,000.00	0.62%	19,000,000.00	
	TOTAL	**190,000,000**	**19,000,000.00**			
9. **DEUTSCHE BANK AG MANILA OBO UBS AG-SG A/C 12105824001** Singaporean	Common	38,000,000	3,800,000.00	0.12%	3,800,000.00	
	TOTAL	**38,000,000**	**3,800,000.00**			
10. **PCD NOMINEE CORP. (NON-FILIPINO)** Foreign	Common	13,430,284	1,343,028.40	0.04%	1,343,028.40	
	TOTAL	**13,430,284**	**1,343,028.40**			
11. **CITIBANK N.A. MANILA OBO AC 1100218234** Singaporean	Common	4,749,500	474,950.00	0.02%	474,950.00	
	TOTAL	**4,749,500**	**474,950.00**			
12. **PCD NOMINEE CORP. (FILIPINO)** Filipino	Common	3,029,667	302,966.70	0.010%	302,966.70	
	TOTAL	**3,029,667**	**302,966.70**			
13. **DEUTSCHE BANK AG MANILA OBO UBS AG-HK A/C 12105904001** Hongkong	Common	2,813,700	281,370.00	0.009%	281,370.00	
	TOTAL	**2,813,700**	**281,370.00**			
14. **DEUTSCHE BANK AG MANILA OBO DB SING DCS A/C 12069864001** Singaporean	Common	2,019,600	201,960.00	0.007%	201,960.00	
	TOTAL	**2,019,600**	**201,960.00**			
	SUBTOTAL	**254,042,751**				
SUBTOTAL AMOUNT OF SUBSCRIBED CAPITAL			25,404,275.10	0.83%		
SUBTOTAL AMOUNT OF PAID-UP CAPITAL					**25,404,275.10**	

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: *For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.*

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME:	**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**		
TOTAL NUMBER OF STOCKHOLDERS:	**210**	**NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:**	194
TOTAL ASSETS BASED ON LATEST AUDITED FS:	122,660,533,903		

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
15. **REGISTRAR OF THE DISTRICT COURT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION** Hongkong	Common	1,200,000	120,000.00	0.004%	120,000.00	
	TOTAL	**1,200,000**	**120,000**			
16. **CHAN FUN CHEE HOLDINGS LIMITED** Malaysian	Common	1,000,000	100,000.00	0.003%	100,000.00	
	TOTAL	**1,000,000**	**100,000**			
17. **SCB OBO BNYM SANV AS AGT CLTS NON TREATY ACCT 135715800001** Belgian	Common	800,000	80,000.00	0.003%	80,000.00	
	TOTAL	**800,000**	**80,000**			
18. **HOOI BAN HOE** Malaysian	Common	548,500	54,850.00	0.002%	54,850.00	
	TOTAL	**548,500**	**54,850**			
19. **LIE KIEM LAN** Indonesian	Common	546,400	54,640.00	0.002%	54,640.00	
	TOTAL	**546,400**	**54,640**			
20. **FLG MANAGEMENT AND DEVELOPMENT CORPORATION** Filipino	Common	500,000	50,000.00	0.002%	50,000.00	
	TOTAL	**500,000**	**50,000**			
21. **OTHERS (190 remaining stockholders)**	Common	2,391,345	239,134.50	0.008%	239,134.50	
	TOTAL	**2,391,345**	**239,135**			
	SUBTOTAL	**6,986,245**				
SUBTOTAL AMOUNT OF SUBSCRIBED CAPITAL			**698,625**	**0.02%**		
SUBTOTAL AMOUNT OF PAID-UP CAPITAL					**698,624.50**	
OVERALL TOTAL		**30,611,286,832**	**9,378,547,459.80**	**100.00%**		
OVERALL TOTAL AMOUNT OF PAID-UP CAPITAL					**9,378,547,459.80**	

Note: ***For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.***

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION
1.1 STOCKS	N/A	N/A
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)	N/A	N/A
1.3 LOANS/ CREDITS/ ADVANCES	N/A	N/A
1.4 GOVERNMENT TREASURY BILLS	N/A	N/A
1.5 OTHERS	N/A	N/A

2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION
N/A	N/A	N/A

3. TREASURY SHARES	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED
	87,388,713,168	74.06%

4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR

5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:

TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED
5.1 CASH	N/A	N/A
5.2 STOCK	N/A	N/A
5.3 PROPERTY	N/A	N/A
TOTAL	N/A	

6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:

DATE	NO. OF SHARES	AMOUNT
N/A	N/A	N/A

SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:

NAME OF AGENCY:	SEC	B S P	I C
TYPE OF LICENSE/REGN.	N/A	N/A	N/A
DATE ISSUED:	N/A	N/A	N/A
DATE STARTED OPERATIONS:	N/A	N/A	N/A

TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT
N/A	7	3,519	3,866

NOTE: USE ADDITIONAL SHEET IF NECESSARY

I, **ATTY. WALTER L. MACTAL**, Assistant Corporate Secretary of **Travellers International Hotel Group, Inc.**, declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors/Trustees to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (*Section 177, RA No. 11232*).

Done this JUN 2 5 2025 in Pasay City.

ATTY. WALTER L. MACTAL
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Pasay City on JUN 2 5 2025 by affiant who personally appeared before me and exhibited to me his competent evidence of identity consisting of TIN ID with ID No.

JUNNA LYNNE R. PANTINO
Notary Public
ROLL NO. 86875
PASAY CITY, PHILIPPINES

Doc. No. 212
Page No. 44
Book No. IV
Series of 2025.

JUNNA LYNNE R. PANTINO
Notary Public for Pasay City
NOTARIAL COMMISSION No. 24-45
Until December 31, 2025
PTR No. 8833703, 06 January 2025/Pasay City
IBP No. 496212, 03 January 2025/Catanduanes
Roll of Attorneys No 86875
10/F NECC Building, Newport Boulevard,
Newport City, 1309 Pasay City, Metro Manila
MCLE Compliance No. VIII-0016251, 11/22/2024; Pasig City

Annex "A"

Doing business under the names and styles of:

Newport World Resorts
Arena at Newport World Resorts
Bar 360 at Newport World Resorts
Cabaret
Casa Buenas
Cigar Lounge
Cinemas & Snack Bar
El Calle Bar
Franks Craft Beers Manila
GAMEZOO
Garden Wing Cafe
Ginzadon
Grand Bar Lounge
Grand Club
Happy 8
Holiday Inn Express Manila Newport City
Kim Chi at Newport World Resorts
M-Spa Fitness Center
Newport Cinemas
Newport Dormitory
Newport Entertainment and Commercial Center
Newport Mansion
Newport Performing Arts Theater
NWR Exclusives
Paqman
Passion Chinese Restaurant
PIT BAR
Ratpak & 007
Silk Road at Newport World Resorts
Silogue
SLOT BAR
Sushi Tu
The Terrace at Newport World Resorts
The Whisky Library
Theatre Bar
Victoria Harbour Cafe
WET-REPUBLIQ
Wiski's
Marriott Hotel Manila
Banquets at Marriott
Business Center at Marriott
Crema at Marriott Hotel Manila
CRU Steakhouse
Great Room Lounge
In-Room Dining
Man Ho
Marriott Café
Marriott Grand Ballroom
Marriott West Wing
MC Bakery at Marriott Hotel Manila
Mian
Pool Bar at Marriott
Quan Spa at Marriott
Still Bar

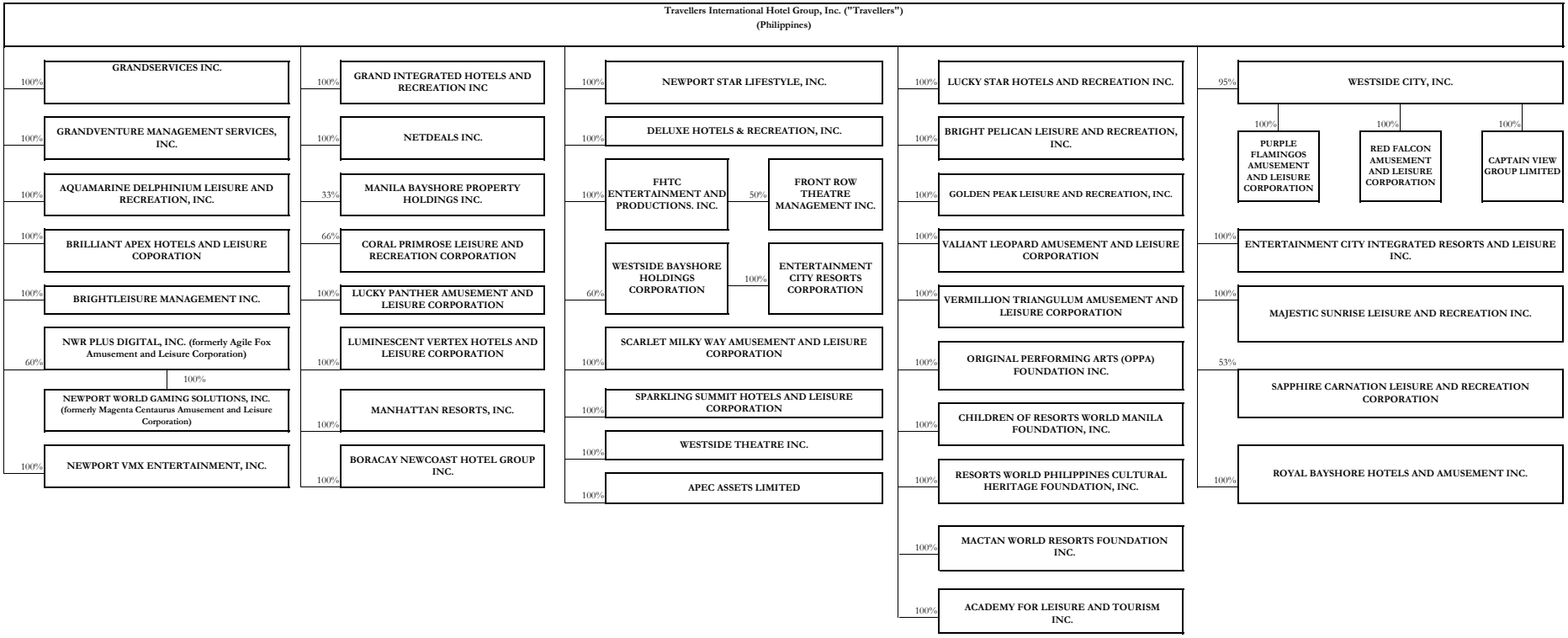
Annex "B"

==========INTERCOMPANY AFFILIATIONS==========

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
Adams Properties, Inc.	CS2007-02851	
Alliance Global Group, Inc.	AS093-7946	
Star Cruises Philippines Holdings B.V.	N.A.	
Megaworld Corporation	167423	
Asian Travellers, Ltd.	N.A.	
Premium Travellers, Ltd.	N.A.	
First Centro, Inc.	AS094-6876	
Megaworld Cebu Properties, Inc.	A2002-01952	
SUBSIDIARY	**SEC REGISTRATION NO.**	
Brightleisure Management Inc.	CS2008-19039	
Grandventure Management Services Inc.	CS2008-34220	
Grandservices Inc.	CS2008-19040	
Grand Integrated Hotels and Recreation Inc.	CS2011-18328	
Newport World Resorts Foundation Inc. (formerly: Resorts World Philippines Cultural Heritage Foundation Inc.)	CN2011-15722	
Netdeals Inc.	CS2012-09044	
Newport Star Lifestyle Inc.	CS2012-14620	ity
Deluxe Hotels and Recreation Inc.	CS2012-14618	
Lucky Star Hotels and Recreation Inc.	CS2012-14619	
Entertainment City Integrated Resorts and Leisure Inc.	CS2012-21018	ity
Royal Bayshore Hotels and Amusement Inc.	CS2012-21019	ity
Majestic Sunrise Leisure and Recreation Inc.	CS2012-21017	ity
APEC Assets Limited	N.A.	
FHTC Entertainment & Productions Inc.	CS201302930	ty
Bright Pelican Leisure and Recreation Inc.	CS201316880	
Golden Peak Leisure and Recreation Inc.	CS201316877	
Westside City Inc. (formerly: Westside City Resorts World Inc.)	CS201308319	
Scarlet Milky Way Amusement and Leisure Corporation	CS201509521	
	CS201509527	
Newport World Gaming Solutions Inc. (formerly: Magenta Centaurus Amusement and Leisure Corporation)	CS201509660	
Sparkling Summit Hotels and Leisure Corporation	CS201509667	
Luminescent Vertex Hotels and Leisure Corporation	CS201509528	
Brilliant Apex Hotels and Leisure Corporation	CS201509652	
Lucky Panther Amusement and Leisure Corporation	CS201509666	
Valiant Leopard Amusement and Leisure Corporation	CS201509659	
NWR Plus Digital Solutions Inc. (formerly: Agile Fox Amusement and Leisure Corporation)	CS201509522	
Coral Primrose Leisure and Recreation Corporation	CS201509654	
Sapphire Carnation Leisure and Recreation Corporation	CS201509653	
Aquamarine Delphinium Leisure and Recreation Corporation	CS201509668	
Westside Theatre Inc.	CS201516404	
Bronze Lynx Amusement and Leisure Inc.	CS201508962	
Westside Bayshore Holding Corporation	2025050202662-37	
Children of Newport World Resorts Foundation Inc. (formerly: Children of Resorts World Manila Foundation, Inc.)	CN201720811	
Original Pilipino Performing Arts (OPPA) Foundation, Inc.	CN201515815	
Manhattan Resorts, Inc.	2023090117771-03	
Academy for Leisure and Tourism Inc.	2023090118185-04	

ANNEX "H"

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
DECEMBER 31, 2025



ANNEX "I-1"

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: July 01, 2024 04:24:09 PM

Company Information

SEC Registration No.: CS200342649
Company Name: TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. DOING BUSINESS UNDER THE NAME AND STYLE OF: MAXIMS MANILA HOTEL MARRIOTT HOTEL MANILA REMINGTON HOTEL THE TERRACES AT MAXIMS, RWM M-SPA FITNESS CENTER
Industry Classification: K70000
Company Type: Stock Corporation

Document Information

Document ID: OST10701202482783278
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Annual
Remarks: None

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	4	2	6	4	9

Company Name

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

10/F NEWPORT ENTERTAINMENT & COMMERCIAL CENTRE, NEWPORT BOULEVARD, NEWPORT CYBERTOURISM ECONOMIC ZONE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	9 0 8 8 0 0 0	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
205	Every 2nd 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
Bernard Than	bernard.than@newportworldresorts.com	632-908-8000	

Contact Person's Address

10/F Newport Entertainment Commercial Centre, Newport Boulevard, Newport City , Pasay

Note: In case of death, resgination 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.

Gmail

Travellers International Hotel Group Inc <travellersinternational.tax@gmail.com>

Your BIR AFS eSubmission uploads were received

7 messages

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:39 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058ITRTY122023.pdf
- EAFS246099058AFSTY122023.pdf
- EAFS246099058TCRTY122023-02.pdf
- EAFS246099058OTHTY122023.pdf
- EAFS246099058TCRTY122023-03.pdf
- EAFS246099058TCRTY122023-01.pdf
- EAFS246099058RPTTY122023.pdf

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- <None>

Transaction Code: **AFS-0-ACKDC9JA0MR3MVSR1MWVWNTNR0N4YSYW11**
Submission Date/Time: **Apr 30, 2024 01:39 PM**
Company TIN: **246-099-058**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

---

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:42 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058TCRTY122023-04.pdf
- EAFS246099058TCRTY122023-05.pdf
- EAFS246099058TCRTY122023-06.pdf

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- <None>

Transaction Code: **AFS-0-PY33M3YM08C9596B7N3Q13PP20PTZ2Y3QV**
Submission Date/Time: **Apr 30, 2024 01:42 PM**
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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:45 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

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- EAFS246099058TCRTY122023-07.pdf
- EAFS246099058TCRTY122023-08.pdf

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Submission Date/Time: **Apr 30, 2024 01:45 PM**
[Quoted text hidden]

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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:46 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058TCRTY122023-10.pdf
- EAFS246099058TCRTY122023-11.pdf
- EAFS246099058TCRTY122023-12.pdf

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Submission Date/Time: **Apr 30, 2024 01:46 PM**
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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:48 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058TCRTY122023-14.pdf
- EAFS246099058TCRTY122023-15.pdf
- EAFS246099058TCRTY122023-13.pdf

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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:50 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

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- EAFS246099058TCRTY122023-18.pdf

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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 1:54 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

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- EAFS246099058TCRTY122023-20.pdf
- EAFS246099058TCRTY122023-21.pdf

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Transaction Code: **AFS-0-DH8EGE60AHCL9HD6QQZWQR4Z03RWXX1QP**
Submission Date/Time: **Apr 30, 2024 01:54 PM**
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Travellers International Hotel Groups Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company'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.

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

KEVIN ANDREW L. TAN
Chairman of the Board

KINGSON U. SIAN
President and Chief Executive Officer

BERNARD THAN BOON TEONG
Chief Financial Officer and Treasurer

Signed this 22nd day of March 2024.

P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Travellers International Hotel Group, Inc.

December 31, 2023 and 2022

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc.
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Travellers International Hotel Group, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended December 31, 2023, and notes to the financial statements, including material accounting information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Yusoph A. Maute
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10076145, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 22, 2024

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
A S S E T S			
CURRENT ASSETS			
Cash	5	**P 10,415,948,214**	P 13,171,445,202
Trade and other receivables - net	6	**1,741,598,303**	1,772,834,154
Advances to related parties - net	21	**18,396,655,172**	18,752,538,419
Inventories	7	**153,779,891**	115,593,498
Prepayments and other current assets	8	**4,702,264,437**	4,492,496,069
Total Current Assets		**35,410,246,017**	38,304,907,342
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	26	**240,700,000**	166,700,000
Investments in subsidiaries and an associate	9	**5,738,776,485**	5,738,776,485
Property and equipment - net	10	**75,160,439,164**	75,111,581,291
Investment property - net	11	**1,043,414,421**	1,106,159,928
Other non-current assets	12	**2,257,464,006**	1,960,855,904
Total Non-current Assets		**84,440,794,076**	84,084,073,608
TOTAL ASSETS		**P 119,851,040,093**	P 122,388,980,950
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**P 25,090,533,330**	P 14,693,736,706
Trade and other payables	14	**19,138,519,073**	23,565,642,303
Advances from related parties	21	**2,655,723,856**	4,469,673,148
Total Current Liabilities		**46,884,776,259**	42,729,052,157
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**27,947,019,929**	37,051,666,722
Retirement benefit obligation - net	19	**701,577,399**	476,034,197
Other non-current liabilities	14	**4,949,582,062**	8,275,995,870
Total Non-current Liabilities		**33,598,179,390**	45,803,696,789
Total Liabilities		**80,482,955,649**	88,532,748,946
EQUITY	22		
Capital stock		**10,000,000,000**	10,000,000,000
Additional paid-in capital		**27,401,474,928**	24,909,315,997
Treasury shares		**(12,746,230,306)**	(14,171,643,658)
Revaluation reserves - net		**(59,504,202)**	43,661,546
Retained earnings		**14,772,344,024**	13,074,898,119
Total Equity		**39,368,084,444**	33,856,232,004
TOTAL LIABILITIES AND EQUITY		**P 119,851,040,093**	P 122,388,980,950

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	**2023**	2022	2021
NET REVENUES				
Gaming	15	**P 34,192,140,829**	P 31,830,010,155	P 16,725,107,661
Less: Promotional allowances	15	**(9,699,683,190)**	(10,227,367,925)	(6,394,997,426)
		24,492,457,639	21,602,642,230	10,330,110,235
Non-gaming:				
Hotel, food, beverage and others	15	**4,174,827,009**	3,036,607,474	1,539,395,204
Other revenues	15, 17	**1,281,900,839**	995,721,152	449,459,271
		29,949,185,487	25,634,970,856	12,318,964,710
DIRECT COSTS	16	**16,758,956,159**	14,280,689,816	8,836,512,206
GROSS PROFIT		**13,190,229,328**	11,354,281,040	3,482,452,504
OTHER OPERATING EXPENSES				
General and administrative expenses	16	**(8,214,663,199)**	(7,586,361,479)	(6,822,261,146)
Impairment on financial assets - net	6, 21, 24	**-**	(37,860,774)	-
		(8,214,663,199)	(7,624,222,253)	(6,822,261,146)
OPERATING PROFIT (LOSS)		**4,975,566,129**	3,730,058,787	(3,339,808,642)
OTHER INCOME (CHARGES) – Net				
Finance costs	18	**(3,402,334,859)**	(2,712,852,075)	(1,998,807,082)
Finance income	18	**164,345,152**	64,354,789	19,260,006
		(3,237,989,707)	(2,648,497,286)	(1,979,547,076)
PROFIT (LOSS) BEFORE TAX		**1,737,576,422**	1,081,561,501	(5,319,355,718)
TAX EXPENSE	20	**(40,130,517)**	(12,870,958)	(3,852,001)
NET PROFIT (LOSS)		**1,697,445,905**	1,068,690,543	(5,323,207,719)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	19	**(177,165,748)**	137,201,299	113,132,819
Net unrealized fair value gains on financial assets at fair value through other comprehensive income	22, 26	**74,000,000**	17,100,000	22,400,000
		(103,165,748)	154,301,299	135,532,819
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**P 1,594,280,157**	P 1,222,991,842	(P 5,187,674,900)
Earning (loss) per share – Basic and diluted	28	**P 0.108**	P 0.070	(P 0.369)

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (see Note 22)	Additional Paid-in Capital (see Note 22)	Treasury Shares (see Note 22)	Revaluation Reserves (see Note 22)	Retained Earnings (see Note 22)	Total
Balance at January 1, 2023	P 10,000,000,000	P 24,909,315,997	(P 14,171,643,658)	P 43,661,546	P 13,074,898,119	P 33,856,232,004
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income (loss) for the year	-	-	-	(103,165,748)	1,697,445,905	1,594,280,157
Balance at December 31, 2023	**P 10,000,000,000**	**P 27,401,474,928**	**(P 12,746,230,306)**	**(P 59,504,202)**	**P 14,772,344,024**	**P 39,368,084,444**
Balance at January 1, 2022	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 110,639,753)	P 12,006,207,576	P 28,715,667,879
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income for the year	-	-	-	154,301,299	1,068,690,543	1,222,991,842
Balance at December 31, 2022	P 10,000,000,000	P 24,909,315,997	(P 14,171,643,658)	P 43,661,546	P 13,074,898,119	P 33,856,232,004
Balance at January 1, 2021	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 246,172,572)	P 17,329,415,295	P 33,903,342,779
Total comprehensive income (loss) for the year	-	-	-	135,532,819	(5,323,207,719)	(5,187,674,900)
Balance at December 31, 2021	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 110,639,753)	P 12,006,207,576	P 28,715,667,879

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		**P 1,737,576,422**	P 1,081,561,501	(P 5,319,355,718)
Adjustments for:				
Interest expense	18	**3,116,424,481**	2,667,976,551	2,031,619,664
Depreciation and amortization	16	**2,491,755,094**	3,252,482,758	2,621,279,582
Interest income	18	**(164,345,152)**	(64,354,789)	(19,260,006)
Loss on sale of property and equipment - net	10, 16	**77,657,384**	-	-
Unrealized foreign exchange losses (gains) - net		**76,806,809**	(88,744,217)	(49,842,505)
Impairment loss on trade receivables	6, 16	**-**	37,860,774	-
Impairment loss on property and equipment	10	**-**	-	1,970,737,642
Operating profit before working capital changes		**7,335,875,038**	6,886,782,578	1,235,178,659
Decrease (increase) in trade and other receivables		**31,235,851**	(343,365,220)	(224,209,053)
Decrease (increase) in advances to related parties		**355,883,247**	47,700,008	(607,048,586)
Decrease (increase) in inventories		**(38,186,393)**	11,822,205	(8,324,936)
Decrease (increase) in prepayments and other current assets		**(121,003,307)**	110,489,929	(157,383,044)
Increase (decrease) in trade and other payables		**(4,667,844,672)**	11,056,329,535	(931,634,678)
Decrease in advances from related parties		**(1,813,949,292)**	(1,246,859,840)	(716,195,121)
Increase in retirement benefit obligation		**15,382,081**	9,979,952	46,922,536
Increase (decrease) in other non-current liabilities		**(3,326,153,640)**	(6,135,993,030)	9,791,990,073
Cash generated from (used in) operations		**(2,228,761,087)**	10,396,886,117	8,429,295,850
Cash paid for income taxes		**(40,130,517)**	(12,870,958)	(3,852,001)
Net Cash From (Used In) Operating Activities		**(2,268,891,604)**	10,384,015,159	8,425,443,849
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	10	**(1,721,774,421)**	(3,454,416,630)	(3,485,993,075)
Advances made to suppliers		**(385,373,165)**	310,222,935	702,182,734
Interest received		**164,358,068**	55,779,175	20,138,022
Proceeds from disposal of property and equipment	10	**25,751,972**	69,760	462,978
Net Cash Used in Investing Activities		**(1,917,037,546)**	(3,088,344,760)	(2,763,209,341)
Balance Carried Forward		**(P 4,185,929,150)**	P 7,295,670,399	P 5,662,234,508

	Notes	2023	2022	2021
Balance Brought Forward		**(P 4,185,929,150)**	P 7,295,670,399	P 5,662,234,508
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of additional loans	13	**12,500,000,000**	9,182,500,000	13,824,464,068
Repayments of interest-bearing loans and borrowings	13	**(11,267,594,203)**	(13,255,975,438)	(15,430,426,228)
Interest paid		**(3,924,906,776)**	(3,236,740,029)	(3,522,062,880)
Reissuance of treasury shares	22	**3,917,572,283**	3,917,572,283	-
Payments of lease liabilities	10	**(719,977)**	(719,977)	(5,352,539)
Net Cash From (Used In) Financing Activities		**1,224,351,327**	(3,393,363,162)	(5,133,377,579)
EFFECTS OF EXCHANGE RATES CHANGES ON CASH		**206,080,835**	129,663,196	13,484,909
NET INCREASE (DECREASE) IN CASH		**(2,755,496,988)**	4,031,970,434	542,341,838
CASH AT BEGINNING OF YEAR		**13,171,445,202**	9,139,474,769	8,597,132,931
CASH AT END OF YEAR		**P 10,415,948,214**	P 13,171,445,202	P 9,139,474,769

Supplemental Information on Non-cash Investing and Financing Activities:

1) The Company capitalized borrowing costs amounting to P859.5 million, P790.8 million and P1,762.2 million in 2023, 2022, and 2021, respectively, representing the actual borrowing costs incurred on loans obtained for the development of a portion of the Company's properties (see Note 10).

2) The Company recognized amortization of debt issuance costs amounting to P59.7 million, P61.3 million and P29.6 million in 2023, 2022 and 2021, repectively (see Note 13).

3) In 2021, the Company derecognized right-of-use asset and lease liability amounting to P52.1 million due to the pre-termination of its lease of casino shufflers (see Note 10). There were no similar transactions in 2023 and 2022.

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Travellers International Hotel Group, Inc. (the Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Resorts World Manila started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc (DHRI). Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc (LSHRI). In 2020, Maxims ceased its operation and was temporarily converted as a dormitory to house essential employees of the Company. In 2021, Maxims was impaired, as management decided to cease the operations of such hotel and use of its brand. In 2022, the Company opened another hotel brand in Hotel Okura Manila. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008 (see Note 23.3).

The Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019, when it voluntarily delisted from the PSE (see Note 22.1).

As at December 31, 2023 and 2022, the Company holds direct ownership interests in the companies in the succeeding page that were established to engage in businesses related to the main business of the Company.

Name of Subsidiaries/Associate	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	100.0%
APEC Assets Limited (APEC)	(b)	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	100.0%
Bright Pelican Leisure and Recreation, Inc. (BPLRI)	(a)	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	100.0%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a)	100.0%
DHRI	(a)	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	100.0%
Grand Integrated Hotels and Recreation, Inc. (GIHRI)	(a)	100.0%
Grandservices, Inc. (GSI)	(c)	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	100.0%
LSHRI	(a)	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	100.0%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	100.0%
Netdeals, Inc. (NDI)	(e)	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	100.0%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(c)	100.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a)	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	100.0%
Westside Theatre Inc. (WTI)	(d)	100.0%
Westside City, Inc. (WCI) [formerly Westside City Resorts World, Inc.]	(g)	95.0%
Associate –		
Manila Bayshore Property Holdings, Inc. (MBPHI)	(h)	32.6%
Joint Venture –		
Front Row Theatre Management Inc. (FRTMI)	(d), (i)	50.0%

Explanatory Notes:

(a) Established to engage, operate and manage gaming enterprises, amusement and leisure activities, theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto.

(b) A foreign corporation envisioned to provide transportation and other related services to valued patrons of the Company.

(c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company.

(d) Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations.

(e) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.

(f) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers and traders.

(g) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI has three wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation (PFALC), Red Falcon Amusement and Leisure Corporation (RFALC) and Captain View Group Limited (Captain View). PFALC and RFALC have not yet started commercial operations as of December 31, 2023. In 2022, Westside City Resorts World, Inc. has changed its name to Westside City, Inc. upon a majority vote of board of directors and its stockholders.

(h) Established to engage in real estate business, particularly construction of condominium units and buildings.

(i) FRTMI is a joint venture between FHTC and Viva Live, Inc. (VLI), each owning 50.0% interest and exercising joint control.

As at December 31, 2023, NDI has ceased operations while all other subsidiaries have not yet started commercial operations, except for APEC, BLMI, DHRI, FHTC, GIHRI, GSI, GVMSI, LSHRI and RBHAI.

The subsidiaries and associate are all incorporated in the Philippines, except for APEC and Captain View, which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries and associate is within Metro Manila, Philippines.

As at December 31, 2023 and 2022, the following stakeholders have direct ownership interests in the Company's outstanding common shares:

Name of Stockholders	Explanatory Notes	Percentage of Ownership
Alliance Global Group, Inc. (AGI)	(a)	42.1%
Adams Properties, Inc.	(b)	19.6%
Star Cruises Philippines Holdings B.V.	(c)	15.7%
Asian Travellers Ltd.	(d)	9.9%
Premium Travellers Ltd.	(d)	5.8%
First Centro, Inc. (FCI)	(e)	3.9%
Megaworld Corporation (Megaworld)	(f)	1.6%
Other related parties		1.1%
Public ownership		0.3%

Explanatory Notes:

(a) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. It has control over the Company through its power over the operations and policy arising from its substantive rights and current ability to direct the relevant activities of the Company. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(b) A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(c) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.

(d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's Board of Directors (BOD) on March 22, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Function and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, 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 if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates.* The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, 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. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) Effective in 2023 that is not Relevant to the Company

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Company's financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

(v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Separate Financial Statements and Investments in Subsidiaries and Associate

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

2.4 Financial Instruments

(a) Financial Assets

Classification of Financial Assets

The Company's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

(i) Financial Assets at Amortized Cost

The Company's financial assets at amortized cost include Cash, Trade and Other Receivables, Advances to Related Parties, Restricted short-term placements and Investments in time deposits under Prepayments and Other Current Assets and Refundable deposits and Receivable from employees under Other Non-current Assets.

(ii) Financial Assets at FVOCI

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as at fair value through profit or loss. The Company has designated its proprietary club shares as at FVOCI on initial recognition.

Impairment of Financial Assets

The expected credit losses (ECL) for all trade and other receivables and other financial assets at amortized cost are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

Put Option Accounted for as a Financial Guarantee Contract

The put option meets the definition of financial guarantee contract, wherein it provides the holder of the instrument with protection against an adverse event (put option events).

The Company considers the related risk transferred on the financial guarantee as significant. Accordingly, it is accounted by the Company under PFRS 9, *Financial Instruments*. In measuring the put option under ECL model, the Company applies the general approach of ECL measurement, wherein the Company recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities of the Company include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities, License fee payables, and Liability for unredeemed gaming points), Advances from Related Parties and Other Non-current Liabilities.

2.5 Derivative Financial Instruments

Gaming transactions of the Company with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Company takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Company to or collected from the patron when the outcome of the wager has been determined. See Note 2.9 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from outstanding or unwon slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the consolidated statements of financial position [see Note 2.4(b)]).

2.6 Inventories

The cost of inventories is determined using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of operating and other supplies is the current replacement cost.

2.7 Property and Equipment

Except for land, property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	40 years
Gaming machines and other equipment	5 to 10 years
Transportation equipment	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years

2.8 Investment Property

Investment property, which pertains to a portion of building and building improvements held under operating leases, is accounted for under the cost model, whereby the asset is subsequently measured at cost less accumulated depreciation and impairment, if any.

Depreciation of investment property is computed on a straight-line basis over the asset's estimated useful life of 40 years.

2.9 Revenue and Expense Recognition

Revenue arises mainly from gaming transactions, hotel accommodations, food and beverage operations, and other incidental activities related to the main operations of the Company.

The Company participates in games of chance with customers, with both the Company and the customer having the chance to win or lose money or other items of economic value based on the outcome of the game. The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9. Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gaming revenues generated from table games and slot machines are determined from the net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers and, for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances). Promotional allowances, presented as a reduction of gaming revenues in the consolidated statement of comprehensive income, include rebates under the casino rebates program and the provision for the value of the gaming points earned by members (i.e., using a membership card provided by the Company) by reference to the relative fair values of the complimentary goods or services. Members earn points on gaming activity, and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions.

On the other hand, the Company also participates in games in which a customer has a chance to win or lose money or other items of economic value, with the Company receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game (i.e., certain tournaments, including card games, and bingo operations). These gaming-related activities are covered under PFRS 15, *Revenue from Contracts with Customers*.

The Company enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date i.e., generally when the customers have acknowledged the Company's right to invoice.

The Company also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

(a) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(b) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(c) *Bingo and tournament income* – Revenues from these gaming-related activities are recognized over time as the services for administering the games are rendered. The amount of revenue recognized is equivalent to the fee collected for administering the game.

(d) *Rendering of services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include income from other non-gaming and incidental activities such as cinema and production shows, parking space, commissions, and other services (see Note 17).

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred.

2.10 Leases – Company as a Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset 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 which is from 2 to 16 years.

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

2.11 Impairment of Non-financial Assets

The Company's investments in subsidiaries and an associate, advances for future investment, property and equipment (including right-of-use assets), investment property and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

2.12 Employee Benefits

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15

The Company exercises judgment in determining whether its gaming transactions and gaming-related activities are within the scope of PFRS 9 or PFRS 15. In making this judgment, management considers whether both the Company and the patrons have the chance to win or lose money or other items of economic value based on the outcome of the game; or, only the patron has the chance to win or lose money or other items of economic value, with the Company only receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game. When the Company takes a position against a patron, the resulting unsettled wager or position is a financial instrument that would likely meet the definition of derivative financial instrument and is accounted for under PFRS 9.

Relative to this, the management has determined that its gaming revenues from table games and slot machines are within the scope of PFRS 9 while gaming-related revenues from administering bingo and tournament games are within the scope of PFRS 15.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Food, Beverage and Others

In determining the appropriate method to use in recognizing the Company's revenues from food, beverage and other consumer goods, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e., generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only a very short passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(ii) Hotel Accommodations

The Company determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of hotel services as it performs.

(c) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. In determining the transaction price, the Company considers the effect of any sales incentives or discounts.

In the allocation of the transaction price, the Company considers the amount at which it would sell or purchase the promotional merchandise, hotel, food and beverage, and other incentives separately as the stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties (i.e., VAT).

(d) Determination of ECL on Trade and Other Receivables, and Advances to Related Parties

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables, and advances to related parties are disclosed in Notes 24.2(b) and 24.2(c), respectively.

(e) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For the lease of land, the renewal option is subject to mutual agreement of the lessor and the lessor. This type of renewal option is not considered under PFRS 16, since the option does not create an enforceable rights and obligations for the Company. Thus, only the 25-year non-cancellable term were considered.

For lease of commercial space, the factors considered relevant are (a) if renewal option creates a rights and obligations to the Company that are enforceable, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Company did not consider the renewal option over the lease of commercial space, as the option to renew is exclusive on the lessor; hence, does not create enforceable rights and obligations to the Company.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(g) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(h) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Company that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements. Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 23.

(i) Determination of Significant Influence

Judgment is exercised in determining whether the Company has significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Company determined that it has significant influence in MBPHI; hence, the investee is treated as an associate (see Note 9).

(j) Determination of Accounting Treatment of Put Option

The Company determined that the put option contract entered by the Company meets the definition of financial guarantee under PFRS 4, *Insurance Contracts* (see Note 23.5). Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Company determined that the risk transferred to the Company is significant, hence, the put option should be accounted for under PFRS 9.

3.2 Key Sources of Estimation Uncertainty

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

(a) *Estimation of ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 24.2(b) and (c).

Further, the measurement of the put option value under the ECL model requires the use of significant assumptions with regards to the possibility of any of the put option events from happening in the future and the possible change in the valuation of the collateral within the 12-month assessment. Explanation of the inputs and assumptions used are detailed in Note 23.5.

(b) *Determination of Net Realizable Values of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Company's inventories, which include perishable goods and operating supplies, are affected by certain factors which may cause inventory losses.

Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of food and beverages and operating supplies. Both aspects are considered key sources of estimation uncertainty which may cause significant adjustments to the Company's inventories within the next reporting period.

In 2023, 2022 and 2021, no inventory write-down was recognized by the Company as management believes that the carrying value of inventories does not exceed its net realizable value (see Note 7).

(c) *Estimation of Useful Lives of Property and Equipment, Right-of-use Assets and Investment Property*

The Company estimates the useful lives of property and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment (including right-of-use assets) are presented in Note 10, while the investment property is presented in Note 11. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

In 2023, management reassessed the estimated useful life of the buildings in Site B that are treated as part of Property and equipment account and determined that the original estimated useful life needs to be revised from 30 to 40 years based on an independent structural engineering evaluation. Management applied such change as at January 1, 2023 based on the carrying amounts of the assets as at such date. Depreciation in 2023 would been higher by P78.3 million if not for the change in estimated useful life (see Note 11.1). There was no similar change in estimated useful life of property and equipment, and investment property in 2022.

(d) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(e) Fair Value Measurement of Derivative Financial Instruments

Fair value measurement for gaming revenues under PFRS 9 represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less any promotional allowances and other similar adjustments.

(f) Impairment of Non-Financial Assets

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment loss recognized on the property and equipment is discussed in Note 10.1. There were no impairment losses recognized on the Company's investments in subsidiaries and an associate, right-of-use assets, investment property, and other non-financial assets based on management's evaluation in 2023, 2022 and 2021.

(g) Determination of Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 11 is determined by the Company based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 26.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of December 31, 2023 and 2022, the Company determined that there were no significant circumstances that may affect the fair value determination of investment property.

(h) Valuation of Retirement Benefit Obligation

The determination of the Company's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the retirement benefit obligation in the next reporting period. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of retirement benefit obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 19.2.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying amount of net deferred tax assets and relevant disclosures as at December 31, 2023 and 2022 are presented in Note 20.1.

(j) Measurement of Gaming Points and Estimation of Liability for Unredeemed Gaming Points

The Company provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Company recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Company reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Company is presented as Liability for unredeemed gaming points under Trade and Other Payables account in the statements of financial position (see Note 14).

4. SEGMENT INFORMATION

4.1 Business Segments

In identifying its operating segments, management generally follows the Company's main's service license, which represents the main services provided by the Company. Such services are organized into two major business segments – casino and non-casino segments. These segments of the Company, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with other segment, are reviewed regularly by the Executive Committee (ExeCom), acting as the chief operating decision-makers of the Company. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Company in reporting its primary segment information.

(a) The Casino segment is engaged in casino operations. This segment includes the operation of Newport World Resorts.

(b) The Non-casino segment includes the operations of various brands of hotels (Marriott, Holiday Inn Express, Courtyard Iloilo, and Hotel Okura), leasing (Newport Entertainment Commercial Center and others), convention center (MGB), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the casino operations.

The Company has not identified any segment based on geographical location (see Note 4.4).

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. They include all operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories, property and equipment, and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables and interest-bearing loans and borrowings.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transactions are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2023, and 2022 and 2021 can be analyzed as follows:

	Casino			Non-casino			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
NET REVENUES									
Sales to external customers	**P24,492,457,639**	P21,602,642,230	P10,012,228,089	**P 5,456,727,848**	P 4,032,328,626	P 2,306,736,621	**P 29,949,185,487**	P25,634,970,856	P 12,318,964,710
Intersegment revenues	**-**	-	-	**430,521,110**	179,058,086	726,166,395	**430,521,110**	179,058,086	726,166,395
Segment revenues	**24,492,457,639**	21,602,642,230	10,012,228,089	**5,887,248,958**	4,211,386,712	3,032,903,016	**30,379,706,597**	25,814,028,942	13,045,131,105
COSTS AND OTHER OPERATING EXPENSES									
Cost of sales, services and expenses excluding depreciation	**17,810,949,500**	15,117,010,180	9,780,822,803	**4,956,825,142**	3,554,552,739	3,223,981,687	**22,767,774,642**	18,671,562,919	13,004,804,490
Depreciation	**586,013,860**	600,416,456	703,577,174	**1,905,741,234**	2,652,066,302	1,917,702,408	**2,491,755,094**	3,252,482,758	2,621,279,582
Finance costs (income) and other charges – net	**2,562,804**	(49,210,981)	6,506,134	**2,949,516,525**	2,678,574,659	2,005,730,222	**2,952,079,329**	2,629,363,678	2,012,236,356
Profit (loss) before tax	**6,092,931,475**	5,934,426,575	(478,678,022)	**(3,924,833,943)**	(4,673,806,988)	(4,114,511,301)	**2,168,097,532**	1,260,619,587	(4,593,189,323)
Tax expense	-	-	-	**40,130,517**	12,870,958	3,852,001	**40,130,517**	12,870,958	3,852,001
SEGMENT NET PROFIT (LOSS)	**P 6,092,931,475**	P 5,934,426,575	(P 478,678,022)	**(P 3,964,964,460)**	(P 4,686,677,946)	(P 4,118,363,302)	**P 2,127,967,015**	P 1,247,748,629	(P 4,597,041,324)
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P11,102,288,447**	P12,274,086,694	P 9,649,849,623	**P108,748,751,646**	P110,114,894,256	P107,872,139,698	**P 119,851,040,093**	P122,388,980,950	P117,521,989,321
Segment liabilities	**10,285,356,292**	15,206,867,946	5,248,138,585	**70,197,599,357**	73,325,881,000	83,558,182,857	**80,482,955,649**	88,532,748,946	88,806,321,442

Currently, the Company's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Company did not present any information related to geographical segments (see Note 4.1).

Revenues from any of the Company's major customers did not exceed 10% of the Company's revenues in all of the years presented.

4.5 Reconciliations

Presented below is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

	2023	2022	2021
Net revenues			
Total segment revenues	**P 30,379,706,597**	P 25,814,028,942	P 13,045,131,105
Elimination of intersegment revenues	**(430,521,110)**	(179,058,086)	(726,166,395)
Revenues as reported in profit or loss	**P 29,949,185,487**	P 25,634,970,856	P 12,318,964,710
Net profit or loss			
Segment net profit (loss)	**P 2,127,967,015**	P 1,247,748,629	(P 4,597,041,324)
Elimination of intersegment transactions	**(430,521,110)**	(179,058,086)	(726,166,395)
Net profit (loss) as reported in profit or loss	**P 1,697,445,905**	P 1,068,690,543	(P 5,323,207,719)
Assets			
Segment assets	**P 119,851,040,093**	P122,388,980,950	P 117,521,989,321
Total assets reported in the statements of financial position	**P 119,851,040,093**	P122,388,980,950	P 117,521,989,321
Liabilities			
Segment liabilities	**P 80,482,955,649**	P 88,532,748,946	P 88,806,321,442
Total liabilities reported in the statements of financial position	**P 80,482,955,649**	P 88,532,748,946	P 88,806,321,442

5. CASH

Cash includes the following components as at December 31:

	2023	2022
Cash on hand	**P 8,880,877,097**	P10,258,538,552
Cash in banks	**1,535,071,117**	2,912,906,650
	P10,415,948,214	P13,171,445,202

Cash in banks generally earn interest based on daily bank deposit rates.

The balance of Cash does not include Restricted short-term placements and Investments in time deposits, which are included as part of Prepayments and Other Current Assets account in the statements of financial position (see Note 8).

Interest income from Cash, Restricted short-term placements and Investments in time deposits for the years ended December 31, 2023, 2022 and 2021 is presented as part of Finance Income in the statements of comprehensive income (see Note 18).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2023**	2022
Trade receivables		**P 1,796,356,056**	P1,826,976,502
Interest receivables		**9,806,639**	9,819,554
Others	21.4	**75,074,786**	75,677,276
		1,881,237,481	1,912,473,332
Allowance for impairment	24.2(b)	**(139,639,178)**	(139,639,178)
		P 1,741,598,303	P1,772,834,154

All trade receivables do not earn interest and are subject to credit risk exposure.

Other receivables include certain non-trade receivables and receivables arising from availments of employees of certain condominium units and parking slots in accordance with the Company's employee housing program (see Note 21.4). The non-current portion of such receivables amounting to P100.3 million and P120.5 million as of December 31, 2023 and 2022 is presented as Receivables from employees under Other Non-current Assets account in the statements of financial position (see Note 12).

In 2023 and 2022, certain trade receivables were found to be impaired using the provision matrix as determined by management; hence, an adequate amount of allowance for impairment has been recognized [see Note 24.2(b)]. In 2022, impairment loss amounting to P30.2 million was recognized and presented as part of Miscellaneous under Operating Expenses in the 2022 statement of comprehensive income. There was no similar transaction in 2023.

The reconciliation below shows the details of the allowance for impairment at the beginning and end of each reporting period.

	2023	2022
Balance at beginning of year	**P 139,639,178**	P 109,444,080
Impairment losses	-	30,195,098
Balance at end of year	**P 139,639,178**	P 139,639,178

7. INVENTORIES

Inventories as at the end of 2023 and 2022 are stated at cost, which is lower than net realizable value. The details of inventories are shown below.

	2023	2022
Operating supplies	**P 93,953,360**	P 65,624,953
Food and beverage	**53,653,293**	41,754,049
Others	**6,173,238**	8,214,496
	P 153,779,891	P 115,593,498

Inventories include membership program items representing supplies and other inventory items of the Company's loyalty and membership program. Operating supplies consists of cards, dice and seals, engineering and other supplies used in the operations of the Company. Inventories used in operations are recognized as part of Direct Costs under statements of comprehensive income.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	2023	2022
Restricted short-term placements	5, 23.3(c)	**P 2,621,279,159**	P2,632,933,283
Input VAT – net		**1,270,918,966**	1,029,018,750
Prepayments		**683,677,510**	704,950,104
Investments in time deposits	5	**126,388,802**	125,593,932
		P 4,702,264,437	P4,492,496,069

Restricted short-term placements [see Note 23.3(c)] are made for varying periods ranging from 30 to 90 days in 2023 and 2022 and earn effective interests of 1.4% to 4.4%, 0.3% to 1.4%, and 0.3% to 0.4% per annum in 2023, 2022, and 2021, respectively (see Note 18).

Prepayments include prepaid taxes, insurance and rentals, which are expected to be realized in the next reporting period.

Investments in time deposits are placed for a period of 360 days and earn effective interest of 0.6%, 0.7% and 0.9% in 2023, 2022, and 2021, respectively (see Note 18).

9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of the carrying values of investments in subsidiaries and an associate as of December 31, 2023 and 2022 (see Note 1) are shown below. These investments are accounted for under the cost method in these separate financial statements of the Company.

Subsidiaries:	
WCI	P 4,037,500,000
BLMI	10,000,000
GSI	10,000,000
GVMSI	10,000,000
NDI	10,000,000
NSLI	10,000,000
DHRI	5,000,000
LSHRI	5,000,000
GIHRI	4,000,000
APEC	2,450,550
WTI	2,000,000
ADLRC	250,000
AFALC	250,000
BAHLC	250,000
BPLRI	250,000
CPLRC	250,000
ECIRLI	250,000
FHTC	250,000
GPLRI	250,000
LPALC	250,000
LVHLC	250,000
MCALC	250,000
MSLRI	250,000
RBHAI	250,000
SCLRC	250,000
SMWALC	250,000
SSHLC	250,000
VLALC	250,000
VTALC	250,000
	4,110,450,550
Associate –	
MBPHI	1,628,325,935
	P 5,738,776,485

The financial information of MBPHI, which is considered a significant associate, is shown below and in the succeeding page. MBPHI has no significant other comprehensive income or loss for the applicable periods.

	2023	2022
Current assets	**P21,064,534,374**	P14,690,371,429
Non-current assets	**1,795,986,214**	3,066,716,686
Total assets	**P22,860,520,588**	P17,757,088,115

	2023	2022
Current liabilities	**P 8,122,965,525**	P 6,673,669,427
Non-current liabilities	**4,169,846,245**	1,276,333,292
Total liabilities	**P12,292,811,770**	P 7,950,002,719
Revenue	**P 5,176,390,657**	P 5,040,895,626
Net profit	**P 779,022,671**	P 1,036,189,706

There are no significant risks, commitments, or contingencies related to the Company's interest in associate during the reporting periods.

10. PROPERTY AND EQUIPMENT

The carrying amounts and accumulated depreciation of property and equipment as at December 31 are shown below.

	Note	2023	2022
Property and equipment	10.1	**P75,151,541,177**	P75,101,870,186
Right-of-use assets	10.2	**8,897,987**	9,711,105
		P75,160,439,164	P75,111,581,291

10.1 Carrying Values of Property and Equipment

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2023 and 2022 are shown below.

	Land	Buildings and Building Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
December 31, 2023							
Cost	P7,027,739,421	P 77,168,277,602	P 7,612,453,404	P 237,249,184	P 7,213,898,801	P 3,809,326,651	P 103,068,945,063
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(13,844,739,828)	(5,640,444,596)	(231,722,939)	(6,097,129,972)	-	(25,814,037,335)
Net carrying amount	**P7,027,739,421**	**P 61,220,171,223**	**P 1,972,008,808**	**P 5,526,245**	**P 1,116,768,829**	**P 3,809,326,651**	**P 75,151,541,177**
December 31, 2022							
Cost	P7,027,739,421	P 61,965,678,614	P 7,012,704,697	P 228,156,181	P 6,686,632,594	P 17,809,348,643	P 100,730,260,150
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(12,426,644,641)	(5,176,909,531)	(226,660,601)	(5,694,808,640)	-	(23,525,023,413)
Net carrying amount	P7,027,739,421	P 47,435,667,422	P 1,835,795,166	P 1,495,580	P 991,823,954	P 17,809,348,643	P 75,101,870,186
January 1, 2022							
Cost	P7,027,739,421	P 40,760,270,632	P 6,895,410,356	P 225,813,280	P 6,390,155,902	P 35,187,208,914	P 96,486,598,505
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(10,260,772,835)	(4,620,542,142)	(193,316,119)	(5,262,941,122)	-	(20,337,572,218)
Net carrying amount	P7,027,739,421	P 28,396,131,246	P 2,274,868,214	P 32,497,161	P 1,127,214,780	P 35,187,208,914	P 74,045,659,736

A reconciliation of the carrying amounts at the beginning and end of 2023, 2022, and 2021 of property and equipment is shown below.

	Land	Buildings and Building Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Construction in Progress	Total
Balance at January 1, 2023, net of accumulated depreciation	P7,027,739,421	P 47,435,667,422	P 1,835,795,166	P 1,495,580	P 991,823,954	P 17,809,348,643	P 75,101,870,186
Additions	-	264,942,806	687,716,705	10,752,951	546,892,856	1,070,971,497	2,581,276,815
Reclassifications	-	15,070,993,489	-	-	-	(15,070,993,489)	-
Disposals	-	(80,004,835)	(19,801,557)	-	(3,602,963)	-	(103,409,355)
Depreciation charges for the year	-	(1,471,427,659)	(531,701,506)	(6,722,286)	(418,345,018)	-	(2,428,196,469)
Balance at December 31, 2023, net of accumulated depreciation	**P7,027,739,421**	**P 61,220,171,223**	**P 1,972,008,808**	**P 5,526,245**	**P 1,116,768,829**	**P 3,809,326,651**	**P 75,151,541,177**
Balance at January 1, 2022, net of accumulated depreciation	P7,027,739,421	P 28,396,131,246	P 2,274,868,214	P 32,497,161	P 1,127,214,780	P 35,187,208,914	P 74,045,659,736
Additions	-	-	-	-	-	4,245,204,343	4,245,204,343
Reclassifications	-	21,203,310,835	117,834,547	847,322	301,071,910	(21,623,064,614)	-
Disposals	-	-	-	-	(69,760)	-	(69,760)
Depreciation charges for the year	-	(2,163,774,659)	(556,907,595)	(31,848,903)	(436,392,976)	-	(3,188,924,133)
Balance at December 31, 2022, net of accumulated depreciation	P7,027,739,421	P 47,435,667,422	P 1,835,795,166	P 1,495,580	P 991,823,954	P 17,809,348,643	P 75,101,870,186
Balance at January 1, 2021, net of accumulated depreciation	P7,027,739,421	P 29,539,630,386	P 2,734,846,139	P 73,396,035	P 1,365,321,129	P 32,533,360,342	P 73,274,293,452
Additions	-	2,190,142,499	213,062,965	-	243,233,822	2,653,848,572	5,300,287,858
Impairment loss	-	(1,970,737,642)	-	-	-	-	(1,970,737,642)
Disposals	-	-	(421,069)	-	(41,909)	-	(462,978)
Depreciation charges for the year	-	(1,362,903,997)	(672,619,821)	(40,898,874)	(481,298,262)	-	(2,557,720,954)
Balance at December 31, 2021, net of accumulated depreciation	P7,027,739,421	P 28,396,131,246	P 2,274,868,214	P 32,497,161	P 1,127,214,780	P 35,187,208,914	P 74,045,659,736

Construction in progress pertains to the accumulated costs incurred on the casino and hotel sites being constructed as part of the Company's investment commitments in accordance with its Provisional License Agreement with PAGCOR [see Note 23.3(c)].

In 2023 and 2022, the Company reclassified a portion of its construction in progress to buildings, gaming machine and furniture and fixtures amounting to P15.1 billion and P21.7 billion, respectively, representing properties which are already completed.

Total property and equipment includes capitalized borrowing costs amounting to P859.5 million in 2023, P790.8 million in 2022 and P1,762.2 million in 2021 representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 13). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 4.7% to 9.2%, 4.2% to 9.2% and 3.8% to 9.2% in 2023, 2022 and 2021, respectively.

The Company sold certain property and equipment to third parties for a total consideration of P25.8 million, P0.1 million, P0.5 million in 2023, 2022, and 2021, respectively. In 2023, a loss on disposal was recognized amounting to P77.7 million (nil in 2022 and 2021), which is presented as part of Miscellaneous under General and Administrative expenses in the statements of comprehensive income (see Note 16). There was no outstanding receivable related to these transactions as of December 31, 2023 and 2022.

In prior years, management assessed that certain property and equipment was below its recoverable value. Property and equipment related to Maxims Hotel was impaired as the management decided that the hotel and its brand will no longer be used by the Company. Further, those related to Courtyard by Marriott Hotel Iloilo was impaired as there has been no improvement in its operations in those years. The related impairment losses recognized from such properties amounting to P1,970.7 million is presented as Impairment loss under General and Administrative Expenses account in the 2021 statements of comprehensive income (see Note 16).

In 2023, management reassessed the estimated useful life of the buildings in Site B and determined that the original estimated useful life of the assets needs to be updated from 30 to 40 years based on an independent structural engineering evaluation [see Note 3.2(c)].

Management determined that no further impairment loss needs to be recognized on the Group's property and equipment.

The amount of depreciation and amortization is allocated as follows (see Note 16):

	2023	2022	2021
Direct costs	**P 1,869,577,216**	P 2,375,881,847	P 1,823,401,222
General and administrative expenses	**558,619,253**	813,042,286	734,319,732
	P 2,428,196,469	P 3,188,924,133	P 2,557,720,954

As of December 31, 2023 and 2022, fully depreciated assets amounting to P10.6 billion and P9.4 billion, respectively, are still being used in operations.

None of the Company's property and equipment are used as collateral for its interest-bearing loans and borrowings.

10.2 Right-of-use Assets and Lease Liabilities

The Company has leases for certain parcels of land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized in the statements of financial position.

	Number of right-of-use asset leased	Remaining term	Number of lease with extension option
2023 –			
Land	1	12 years	1
2022 –			
Land	1	13 years	1

The carrying amount of the Company's right-of-use assets as at December 31, 2023 and 2022, and the movement during the years is shown below.

	2023	2022
Balance at beginning of year	**P 9,711,105**	P 10,524,223
Amortization	**(813,118)**	(813,118)
Balance at end of year	**P 8,897,987**	P 9,711,105

The amortization amounting to P0.8 million in 2023, 2022, and 2021 is presented as part of Depreciation and amortization under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

In 2021, the Company derecognized its right-of-use asset and lease liability pertaining to its lease of gaming equipments as a result of pre-termination. There were no fees or penalties incurred related to such pretermination. Further, there were no gains nor losses recognized as a result of the derecognition.

As at December 31, 2023 and 2022, the outstanding lease liabilities are as follows:

	2023	2022
Current	**P 283,391**	P 260,168
Non-current	**4,663,492**	4,946,883
	P 4,946,883	P 5,207,051

The current portion of the lease liabilities are presented in Trade and Other Payables account, while the non-current portion is presented under Other Non-current Liabilities account in the statements of financial position (see Note 14).

The undiscounted maturity analysis of lease liabilities at December 31, 2023 and 2022 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	10 to 17 years	Total
December 31, 2023								
Lease payments	P 719,977	P 719,977	P 719,977	P 719,977	P 719,977	P 2,879,909	P 1,429,959	P 7,909,753
Finance charges	(436,586)	(411,291)	(383,737)	(353,722)	(321,028)	(894,736)	(161,770)	(2,962,870)
Net present value	**P 283,391**	**P 308,686**	**P 336,240**	**P 366,255**	**P 398,949**	**P 1,985,173**	**P 1,268,189**	**P 4,946,883**
December 31, 2022								
Lease payments	P 719,977	P 719,977	P 719,977	P 719,977	P 719,977	P 3,599,887	P 1,429,958	P 8,629,730
Finance charges	(459,809)	(436,586)	(411,291)	(383,737)	(353,722)	(1,215,764)	(161,770)	(3,422,679)
Net present value	P 260,168	P 283,391	P 308,686	P 336,240	P 366,255	P 2,384,123	P 1,268,188	P 5,207,051

The movements in the lease liabilities recognized in the statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**P 5,207,051**	P 5,445,900
Interest expense	**459,809**	481,128
Repayment of lease liabilities	**(719,977)**	(719,977)
Balance at end of year	**P 4,946,883**	P 5,207,051

The total interest expense incurred on the lease liabilities amounting to P0.5 million in 2023, 2022, and 2021 and is presented as part of Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The Company has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases and low-value assets are presented as Rentals under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

11. INVESTMENT PROPERTY

The Company's investment property mainly consists of buildings and building improvements primarily held to earn rentals under operating leases. Rental income amounting to P527.2 million, P436.8 million, and P315.8 million in 2023, 2022 and 2021, respectively, are presented as part of Rentals under Other Revenues – Net account in the statements of comprehensive income (see Note 17). Direct costs incurred, generally pertaining to depreciation charges, amounting to P62.7 million each in 2023, 2022 and 2021, are presented as part of Depreciation and Amortization under Direct Costs in the statements of comprehensive income (see Note 16).

The net carrying amounts of investment property as at the beginning and end of 2023 and 2022 are shown below.

	December 31, 2023	December 31, 2022	January 1, 2022
Cost	**P 1,892,772,408**	P 1,892,772,408	P 1,892,772,408
Accumulated depreciation	**(849,357,987)**	(786,612,480)	(723,866,973)
	P 1,043,414,421	P 1,106,159,928	P 1,168,905,435

A reconciliation of the carrying amounts at the beginning and end of 2023 and 2022 of investment property is shown below.

	Note	**2023**	2022	2021
Balance at January 1, net of accumulated depreciation		**P 1,106,159,928**	P 1,168,905,435	P 1,231,650,942
Depreciation charges for the year	16	**(62,745,507)**	(62,745,507)	(62,745,507)
Balance at December 31, net of accumulated depreciation		**P 1,043,414,421**	P 1,106,159,928	P 1,168,905,435

In the latest appraisal report, the Company's investment property, which is part of the Newport City Project (Site B), has an aggregate fair market value of P1.9 billion as of December 31, 2023. Fair value is determined using the income capitalization approach, which uses a financial modeling technique based on explicit assumptions regarding the prospective cash flows from the properties. Under this method, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the properties.

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 26.4.

12. OTHER NON-CURRENT ASSETS

The composition of this account is shown below.

	Note	2023	2022
Advances to suppliers		**P 1,837,609,213**	P 1,452,236,048
Receivable from employees	21.4	**100,269,149**	120,453,977
Refundable deposits		**96,380,053**	96,340,056
Miscellaneous	21.4	**223,205,591**	291,825,823
		P 2,257,464,006	P 1,960,855,904

Refundable deposits are financial assets that are perpetual in nature. The carrying amounts of these financial assets are reasonable estimation of their respective fair values.

Advances to suppliers pertain to mobilization funds provided to the Company's suppliers for use primarily in the construction of the Company's buildings and building improvements and are reduced proportionately upon receipt of progress billings from the said suppliers.

Miscellaneous non-current assets include original advance payment made by the Company to a related party under common ownership for the purchase of certain condominium units and parking lots to be used by in-house entertainers and for employee housing program. There were new availments of condominium units which amounted to P14.7 million in 2023 and P10.1 million in 2022. As of December 31, 2023 and 2022, the cost of the remaining units amounted to P214.4 million and P199.7 million, respectively. No transfer of title has been made yet as of said date (see Note 21.5). The remainder of miscellaneous non-current assets pertains to certain non-financial deposits which will be realized beyond 12 months from the end of the reporting periods.

13. INTEREST-BEARING LOANS AND BORROWINGS

The composition of the Company's outstanding loans is shown below.

	2023	2022
Current	**P 25,090,533,330**	P14,693,736,706
Non-current	**27,947,019,929**	37,051,666,722
	P 53,037,553,259	P51,745,403,428

The outstanding principal balance and other relevant details of the Company's outstanding loans, including explanatory notes are as presented below and in the succeeding pages:

Principal	Interest Rate	Nature	Term	Notes
2023:				
P5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
P3.5 billion	Fixed at 8.0%	Unsecured	7 years	(a)
P3.0 billion	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	7 years	(a)
P6.8 billion	Fixed at 4.9%	Unsecured	7 years	(a)
P5.0 billion	Fixed at 7.0%	Unsecured	90 days	(b)
P0.8 billion	Fixed at 6.2%	Unsecured	7 years	(b)
P13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
P2.0 billion	Floating rate subject to repricing	Unsecured	360 days	(c)
P0.7 billion	Fixed at 7.6%	Unsecured	7 years	(c)
P4.5 billion	Fixed at 8.0%	Unsecured	90 days	(c)
P4.4 billion	Fixed at 8.0%	Unsecured	5 years	(d)
P4.0 billion	Floating rate subject to repricing	Unsecured	360 days	(g)
2022:				
P0.5 billion	Fixed at 7.0%	Unsecured	90 days	(a)
P6.4 billion	Fixed at 7.3%	Unsecured	7 years	(a)
P4.4 billion	Fixed at 8.6% for two years and at 9% in the next five years	Unsecured	7 years	(a)
P7.1 billion	Fixed at 4.75%	Unsecured	7 years	(a)
P2.0 billion	Fixed at 6.75%	Unsecured	90 days	(b)
P2.6 billion	Fixed at 6.1%	Unsecured	7 years	(b)
P13.5 billion	Fixed at 8.35%	Unsecured	7 years	(b)
P1.0 billion	Floating rate subject to repricing	Unsecured	17 days	(c)
P1.7 billion	Fixed at 7.3% plus spread of 1.15% subject to floor rate at 5.3%	Unsecured	7 years	(c)
P1.6 billion	Fixed at 8.2%	Unsecured	5 years	(c)
P4.8 billion	Floating rate subject to repricing	Unsecured	5 years	(c)
P1.3 billion	Floating rate subject to repricing with a floor rate of 5.25%	Unsecured	5 years	(d)
P5.0 billion	Fixed at 7.8%	Unsecured	5 years	(d)

a) In prior years, a local bank approved a credit line which grants the Company to borrow P33.5 billion. Total drawdowns made in prior years, which included loans converted into long-term loan, totaled to P31.0 billion. In 2021, the Company rolled the short-term loans to another term amounting to P2.2 billion. No further additions or conversion were noted during the year. Outstanding loans as of December 31, 2023 and 2022 amounted to P13.3 billion and P17.5 billion, respectively.

In 2023, the Company settled the rolled P0.5 billion short-term loan and availed an omnibus loan from the same bank amounting to P5.0 billion which shall mature in 2024.

b) In 2016, the Company entered into a credit line agreement with a maximum loanable amount of P7.0 billion from a local bank. The Company fully utilized the said credit line in 2017. The loans drawn remained outstanding amounting to P0.8 billion and P2.6 billion as of December 31, 2023 and 2022, respectively.

In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. These loans also remained outstanding as of December 31, 2023 and 2022.

The Company obtained other various short-term loans in 2023 amounting to P5.0 billion and P15.5 billion, respectively, of which P5.0 billion and P2.0 billion are outstanding as of December 31, 2023 and 2022, respectively.

c) In 2017, the Company entered into various credit line agreements with a total maximum loanable amount of P10.0 billion from a local bank. As of December 31, 2018, total drawdowns amounted to P10.0 billion, half of which pertains to a short term loan and the other half pertains to a term loan. In 2019, the Company obtained another term loan facility from the bank amounting to P5.0 billion. This was utilized through the conversion of the P5.0 billion omnibus loan to a long-term loan.

In 2021, the Company availed another long-term facility with the bank amounting to P5.0 billion, which is fully utilized during the year. Following the additions made, the Company obtained other various short-term loans in 2021 amounting to P4.7 billion, resulting to a total unutilized credit line of P0.3 billion as of December 31, 2021.

The outstanding loans related to these facilities amounted to P5.2 billion and P8.0 billion as of December 31, 2023 and 2022, respectively.

Further, the Company obtained and settled other various short-term loans in 2023 and 2022, a short-term loan amounting to P2.0 billion and P1.0 billion remain outstanding as of December 31, 2023 and 2022, respectively.

d) In 2018, the Company obtained a credit line of P5.0 billion from a local bank. The Company loaned P4.0 billion long term loan from such facility in 2018, which were settled as of 2022.

In 2019, the Company also obtained an omnibus loan from the same bank amounting to P1.0 billion, thus fully utilizing the credit line. The loan amounting to P1.3 billion remained outstanding as of December 31, 2022. The said loan was settled during 2023.

In 2022, the Company availed another long-term facility from the bank amounting to P5.0 billion. The loans remained outstanding amounting to P4.4 billion and P5.0 billion as of December 31, 2023 and 2022, respectively. The Company also availed short-term loans which were subsequently settled in the same year.

e) In 2018, the Company executed a Credit Agreement with a local bank for an Omnibus Credit Line Facility for P3.5 billion. The Company has fully availed the line facility in 2018 and settled P2.5 billion in the same year. The remaining P1.0 billion was settled early in 2019. Further, in 2019, the Company renewed the credit line and availed the same through three separate drawdowns of omnibus loans, which upon maturity were converted into a long-term loan for the same amount. The said loan was settled during 2021.

f) In 2019, the Company procured a credit facility with a local bank which consist of an omnibus line amounting to P2.0 billion. The Company utilized a portion of the credit line amounting to P1.0 billion in 2020 and the related loan was settled in 2021.

g) In 2023, the Company obtained various short-term loans totaling to P4.0 billion and remain outstanding as of December 31, 2023.

The outstanding loans as of December 31, 2023 and 2022, net of related discounts, are presented as Interest-bearing Loans and Borrowings in the statements of financial position. There are no assets used and/or required as collaterals as of December 31, 2023 and 2022 for the Company's interest-bearing loans and borrowings (see Note 10).

Starting 2017, when the Company obtained certain long-term loans, the Company is required to maintain certain financial ratios such as debt service coverage, debt-to-equity and current ratios. In 2023 and 2022, the Company was not able to meet some financial covenants of the loans such as current ratio and debt service coverage ratio for which the Company was able to secure debt covenant waivers certified by the banks before December 31, 2023 and 2022.

Certain portion of finance costs attributable to these loans amounting to P2,754.1 million, P2,462.2 million and P1,841.9 million in 2023, 2022 and 2021, respectively, are presented as part of Interest expense under the Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The portion of finance costs for both 2023 and 2022 that were capitalized is included as part of additions to Construction in progress under Property and Equipment account in the statements of financial position (see Note 10.1). Unpaid interests as at December 31, 2023 and 2022 are presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 14).

The changes in the Interest-bearing Loans and Borrowings account are shown below.

	2023	2022
Balance at beginning of year	**P 51,745,403,428**	P 55,757,615,605
Cash flows from financing activities:		
Additional borrowings	**12,500,000,000**	9,182,500,000
Repayment of borrowings	**(11,267,594,203)**	(13,255,975,438)
Non-cash financing activities –		
Amortization of debt issuance costs	**59,744,034**	61,263,261
Balance at end of year	**P53,037,553,259**	P51,745,403,428

14. TRADE AND OTHER PAYABLES, AND OTHER NON-CURRENT LIABILITIES

This account consists of:

	Notes	2023	2022
Trade and Other Payables:			
Trade payables	21.2	**P 10,021,144,916**	P 14,310,737,777
Accrued expenses:			
Advertising		**1,562,225,196**	1,441,021,189
Contract services		**1,025,304,528**	831,848,423
Employee benefits	21.6	**806,598,889**	910,398,200
Casino operating expenses		**798,507,419**	803,563,773
Interest	13	**769,383,106**	751,818,190
Repairs and maintenance		**522,957,580**	505,035,640
Rental		**429,737,319**	419,646,653
Management fees	21.3, 21.6 23.2	**294,326,487**	683,011,830
Utilities		**157,739,567**	196,335,537
Donation	23.3(d)	**25,336,837**	18,066,970
Others		**238,796,628**	220,652,346
License fee payables	20.2	**906,415,785**	896,358,197
Slot jackpot liability	26.2(b)	**582,308,901**	465,757,896
Liability for unredeemed gaming points		**254,621,375**	210,845,523
Withholding taxes		**127,992,465**	97,329,344
Lease liabilities	10.2	**283,391**	260,168
Miscellaneous		**614,838,684**	802,954,647
		19,138,519,073	23,565,642,303
Other Non-current Liabilities:			
Non-trade payable to a related party	21.8	**3,056,180,769**	3,056,180,769
Long-term deposits from patrons		**1,250,000,000**	4,323,000,000
Retention payable		**325,845,350**	618,086,469
Security and miscellaneous deposits		**312,892,451**	273,781,749
Lease liabilities	10.2	**4,663,492**	4,946,883
		4,949,582,062	8,275,995,870
		P 24,088,101,135	P 31,841,638,173

Trade payables include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips in custody or under the Company's control, casino deposit certificates from patrons, and other gaming related liabilities.

Employee benefits under Accrued expenses include the current portion of the Company's obligations to its current and former employees that is expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrued salaries and other employee benefits at the end of the reporting period.

Other accrued expenses include accruals for local and overseas travel, training and recruitment, dues and subscription, flight operations and other incidental casino and hotel operating expenses.

The liability for unredeemed gaming points represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Company.

Miscellaneous payables include other non-trade obligations under the ordinary course of business, and government-related liabilities.

Long-term deposits from patrons relate to cash deposited by patron groups as part of the Company's loyalty program. These deposits are expected to be reclaimed by the patrons beyond 12 months from year-end.

Non-trade payable to a related party under common ownership pertains to the outstanding payable arising from the Courtyard Iloilo transaction (see Note 21.8).

Retention payables represent portions of progress billings received from contractors for the construction work performed which is retained by the Company to bind contractors in completing the agreed tasks. After the settlement of the applicable retention payables due during the reporting periods, the remainder is payable to the contractors for at least 12 months from the completion date of the construction or developments.

Security and miscellaneous deposits are perpetual in nature. Hence, the carrying amounts of these financial liabilities are reasonable estimation of their respective fair values.

15. REVENUES

When the Company's ExeCom evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.4.

The Company determines that the categories used in the financial reports used by the Company can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and others category that is satisfied at point in time).

A summary of additional disaggregation from the segment revenues, particularly on non-gaming revenues, is shown in the succeeding page.

	Notes	2023	2022	2021
Gaming	2.9	**P34,192,140,829**	P31,830,010,155	P16,725,107,661
Less: Promotional allowances		**(9,699,683,190)**	(10,227,367,925)	(6,394,997,426)
		24,492,457,639	21,602,642,230	10,330,110,235
Non-gaming:				
Hotel accommodations	2.9	**1,935,769,422**	1,481,026,423	539,142,291
Food, beverage and others	2.9	**2,239,057,587**	1,555,581,051	1,000,252,913
Other revenues – net	2.9, 2.9, 17	**1,281,900,839**	995,721,152	449,459,271
		5,456,727,848	4,032,328,626	1,988,854,475
		P29,949,185,487	P25,634,970,856	P12,318,964,710

16. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature in 2023 are shown below.

	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	P 6,888,916,213	P -	P 6,888,916,213
General marketing		-	3,492,320,830	3,492,320,830
Salaries, wages and employee benefits	19.1, 21.6	2,630,993,465	859,265,087	3,490,258,552
Depreciation and amortization	10, 11	1,932,322,723	559,432,371	2,491,755,094
Casino operating expenses	21.2(c)	1,667,409,768	-	1,667,409,768
Outside services	21.2(a)	1,616,842,828	-	1,616,842,828
Food and beverage		1,303,506,927	-	1,303,506,927
Utilities and communication		-	949,317,665	949,317,665
Repairs and maintenance		-	539,819,283	539,819,283
Supplies		425,139,860	-	425,139,860
Transportation and travel		-	311,174,542	311,174,542
Donations and contributions	23.3(d)	-	257,080,457	257,080,457
Taxes and licenses		-	245,824,607	245,824,607
Management fees	21.3, 23.2	-	150,355,152	150,355,152
Rentals	10.2	14,293,096	131,321,982	145,615,078
Security		-	144,518,569	144,518,569
Commission		-	100,565,528	100,565,528
Professional services		-	92,430,637	92,430,637
Dues and subscriptions		-	90,126,429	90,126,429
Flight operations		83,517,415	-	83,517,415
Entertainment, amusement and recreation		45,027,724	-	45,027,724
Miscellaneous	10	150,986,140	291,110,060	442,096,200
		P16,758,956,159	**P 8,214,663,199**	**P24,973,619,358**

The details of operating expenses by nature in 2022 are shown below.

	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	P 6,086,970,292	P -	P 6,086,970,292
Depreciation and amortization	10, 11	2,438,627,354	813,855,404	3,252,482,758
Salaries, wages and employee benefits	19.1, 21.6	2,178,540,668	630,632,891	2,809,173,559
Impairment loss	10.1	-		
General marketing		-	2,278,736,417	2,278,736,417
Casino operating expenses	21.2(c)	1,152,684,493	-	1,152,684,493
Outside services	21.2(a)	1,135,088,277	-	1,135,088,277
Utilities and communication		-	1,082,084,082	1,082,084,082
Food and beverage		832,594,709	-	832,594,709
Management fees	21.3, 21.6 23.2	-	568,425,069	568,425,069
Repairs and maintenance		-	393,633,485	393,633,485
Transportation and travel		-	310,187,131	310,187,131
Taxes and licenses		-	296,304,428	296,304,428
Supplies		293,494,528	-	293,494,528
Donations and contributions	23.3(d)	-	232,649,506	232,649,506
Security		-	148,793,779	148,793,779
Rentals	10.2	12,360,024	135,413,750	147,773,774
Professional services		-	87,629,974	87,629,974
Flight operations		81,381,792	-	81,381,792
Commission		-	70,480,699	70,480,699
Dues and subscriptions		-	51,741,321	51,741,321
Entertainment, amusement and recreation		20,657,431	-	20,657,431
Miscellaneous	6	48,290,248	485,793,543	534,083,791
		P14,280,689,816	P 7,586,361,479	P 21,867,051,295

The details of operating expenses by nature in 2021 are shown below.

	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	P 3,147,619,690	P -	P 3,147,619,690
Depreciation and amortization	10, 11	1,823,401,222	797,878,360	2,621,279,582
Salaries, wages and employee benefits	19.1, 21.6	1,598,657,281	534,758,260	2,133,415,541
Impairment loss	10.1	-	1,970,737,642	1,970,737,642
General marketing		-	1,523,993,508	1,523,993,508
Outside services	21.2(a)	692,403,032	-	692,403,032
Utilities and communication		379,981,124	167,567,264	547,548,388
Casino operating expenses	21.2(c)	481,331,601	-	481,331,601
Repairs and maintenance		106,040,514	285,887,691	391,928,205
Food and beverage		322,494,159	-	322,494,159
Supplies		224,451,032	-	224,451,032
Management fees	21.3, 21.6 23.2	-	204,387,047	204,387,047
Taxes and licenses		-	186,936,360	186,936,360
Transportation and travel		-	169,466,967	169,466,967
Donations and contributions	23.3(d)	-	124,751,847	124,751,847
Rentals	10.2	404,329	123,803,291	124,207,620
Dues and subscriptions		-	83,966,810	83,966,810
Security		-	67,048,237	67,048,237
Professional services		-	67,037,234	67,037,234
Entertainment, amusement and recreation		28,957,341	-	28,957,341
Commission		-	24,806,315	24,806,315
Miscellaneous		30,770,881	489,234,313	520,005,194
		P 8,836,512,206	P 6,822,261,146	P15,658,773,352

Miscellaneous under General and Administrative Expenses account in 2023, 2022 and 2021 include, among others, penalties, freight and handling charges, representation, insurance, credit and collection charges, and other incidental administrative expenses.

17. OTHER REVENUES

The breakdown of this account is as follows:

	Notes	2023	2022	2021
Rentals	11, 21.7, 23.1	**P 527,245,604**	P 436,777,762	P 315,799,023
Bingo	2.9	**159,590,261**	144,464,688	12,987,715
Utility recoveries		**132,356,957**	128,138,426	69,485,904
Production shows		**89,643,418**	29,134,341	1,937,500
Parking		**80,510,049**	47,831,491	2,643,942
Laundry		**62,282,835**	37,931,059	6,041,818
Cinema		**44,143,607**	36,973,096	1,744,128
Merchandise		**59,091,332**	24,278,590	22,561,506
Tournament income	2.9	**-**	8,591,361	-
Commissions		**4,791,506**	4,134,954	833,743
Others - net		**122,245,270**	97,465,384	15,423,992
		P 1,281,900,839	P 995,721,152	P 449,459,271

Others include revenues from limousine, dormitory, spa, and other service charges.

18. OTHER INCOME (CHARGES)

The details of this account are as follows:

	Notes	2023	2022	2021
Finance costs:				
Interest expense	10.2, 13, 19.2, 21.8	**P 3,116,424,481**	P 2,667,976,551	P 2,031,619,664
Foreign currency losses (gains) - net		**282,887,644**	40,918,978	(36,357,595)
Bank charges		**3,022,734**	3,956,546	3,545,013
		P 3,402,334,859	P 2,712,852,075	P 1,998,807,082
Finance income –				
Interest income	5, 8	**P 164,345,152**	P 64,354,789	P 19,260,006

19. EMPLOYEE BENEFITS

19.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Notes 16 and 21.7).

	Note	2023	2022	2021
Short-term employee benefits		**P 3,432,707,048**	P 2,738,575,843	P 2,055,644,695
Post-employment defined benefits	19.2	**57,551,504**	70,597,716	77,770,846
		P 3,490,258,552	P 2,809,173,559	P 2,133,415,541

19.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

In 2017, the Company established a partially-funded, non-contributory multi-employer post-employment benefit plan which is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company's Remuneration and Compensation Committee, who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

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 a minimum of 10 years credited service subject to the approval of the Company's Retirement Committee. The post-employment benefit plan provides benefits ranging from 85% to 200% of the plan salary for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made periodically to update the retirement benefit costs. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2023, 2022 and 2021.

The amounts of retirement benefit obligation recognized in the statements of financial position are determined as follows:

	2023	2022
Present value of the obligation	**P 898,860,656**	P 623,571,593
Fair value of plan assets	**(197,283,257)**	(147,537,396)
	P 701,577,399	P 476,034,197

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2023	2022
Balance at beginning of year	**P 623,571,593**	P 737,693,698
Current service cost	**57,551,504**	70,597,716
Interest expense	**45,021,869**	37,474,840
Remeasurements –		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**106,064,829**	(185,059,860)
Experience adjustments	**64,837,376**	13,642,812
Changes in demographic assumptions	**5,913,765**	13,998,925
Benefits paid	**(4,091,411)**	(4,158,774)
Transfers from the plan	**(8,869)**	(60,617,764)
Balance at end of year	**P 898,860,656**	P 623,571,593

The movements in the fair value of plan assets in 2023 and 2022 are presented below.

	2023	2022
Balance at beginning of year	**P 147,537,396**	P 163,702,538
Contribution to the plan	**42,160,554**	-
Interest income	**12,026,496**	8,210,456
Benefits paid	**(4,091,411)**	(4,158,774)
Loss on plan assets (excluding amounts included in net interest)	**(349,778)**	(20,216,824)
Balance at end of year	**P 197,283,257**	P 147,537,396

The composition of the fair value of plan assets at the end of 2023 and 2022 by category and risk characteristics is shown below.

	2023	2022
Cash	**P 7,753,232**	P 944,239
Treasury bills	**124,643,562**	70,286,815
Unit investment trust fund (UITF)	**64,886,463**	76,306,342
Balance at end of year	**P 197,283,257**	P 147,537,396

The fair values of cash and treasury bills are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The fair value of the UITF are estimated by reference to net asset value published by the trust fund managers at the end of each reporting period and is categorized within Level 2.

The plan assets loss an actual return of P11.7 million and P12.0 million in 2023 and 2022, respectively, and earned a return of P4.2 million in 2021.

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the retirement benefit obligation are as follows:

	Notes	2023	2022	2021
Reported in profit and loss:				
Current service cost	19.1	**P 57,551,504**	P 70,597,716	P 77,770,846
Net interest expense	18	**32,995,373**	29,264,384	23,830,599
		P 90,546,877	P 99,862,100	P 101,601,445

	2023	2022	2021
Reported in other comprehensive loss (income):			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	**P 106,064,829**	(P 185,059,860)	(P111,193,625)
Experience adjustments	**64,837,376**	13,642,812	(16,474,239)
Changes in demographic assumptions	**5,913,765**	13,998,925	12,932,800
Loss on plan assets (excluding amounts included net interest expense)	**349,778**	20,216,824	1,602,245
	P 177,165,748	(P 137,201,299)	(P113,132,819)

Actuarial gains arising from the changes in financial assumptions pertains to the substantial increase in discount rate, which decreased the actuarially determined obligation as of December 31, 2023 and 2022. Experience adjustment pertains to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The amounts of retirement benefit expense recognized in profit or loss are presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses (for current and past service cost) and the Finance costs under Other Income (Charges) (for interest expense) in the statements of comprehensive income (see Notes 16 and 18).

The amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2023	2022	2021
Discount rate	**6.12%**	7.22%	5.08%
Salary growth rate	**4.00%**	4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 33-34 years for males and 33-46 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Benefit Obligation

The Company is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) Investment and Interest Rate Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the retirement benefit obligation. Currently, the plan has relatively balanced investments in cash, treasury bills, and UITF. Due to the long-term nature of the plan obligation, a level of continuing investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(iii) Inflation Risk

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Company's liability.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement benefit obligation are described as follows.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2023 and 2022:

		Impact on Retirement Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2023:			
Discount rate	**+/- 100 basis points**	**(P 113,201,213)**	**P 97,130,072**
Salary growth rate	**+/- 100 basis points**	**114,506,391**	**(99,850,543)**
December 31, 2022:			
Discount rate	+/- 100 basis points	(P 78,827,856)	P 67,734,133
Salary growth rate	+/- 100 basis points	80,827,856	(70,300,027)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company through its Remuneration and Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government treasury bills or bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

The plan assets as of December 31, 2023 and 2022 significantly consist of debt securities for long-term investment and UITF for liquidity purposes.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P701.6 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding pay pose a cash flow risk in about five to ten years' time when the current fair value of plan assets is not enough to cover the expected retirement benefit payments. The Company does not have an expected contribution to the plan during the next period.

The expected maturity of undiscounted expected benefits payments within the next ten years as of December 31, 2023 and 2022 is as follows:

	2023	2022
Within one year	**P 23,348,359**	P 6,212,583
More than one to five years	**150,557,829**	95,721,611
More than five years to ten years	**574,941,699**	478,230,279
	P 748,847,887	P 580,164,473

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the retirement benefit obligation at the end of the reporting periods is 6 to 12 years.

The Company expects to make contribution of P42.2 million to the plan during the next reporting period.

20. TAXES

20.1 Current Taxes

The components of tax expense as reported in the statements of comprehensive income are shown below:

	2023	2022	2021
Reported in profit or loss –			
Current tax expense:			
Final tax at 20% and 15%	**P 32,869,030**	P 12,870,958	P 3,852,001
Minimum corporate income tax (MCIT) at 1.5% in 2023 and 1% in 2022 and 2021	**7,261,487**	-	-
	P 40,130,517	P 12,870,958	P 3,852,001

A reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense reported in the profit or loss section of the statements of comprehensive income is as follows:

	2023	2022	2021
Tax on pretax profit (loss) at 25%	**P 434,394,106**	P 270,390,375	(P 1,329,838,930)
Adjustment for income subjected to lower tax rates	**(8,217,258)**	(3,217,740)	(963,000)
Tax effects of:			
Non-taxable income	**(8,678,886,703)**	(8,016,568,140)	(4,196,061,930)
Non-deductible expenses	**7,359,529,522**	6,774,814,496	4,289,682,922
Unrecognized deferred tax asset (DTA) on net operating loss carryover (NOLCO)	**924,604,787**	979,311,988	749,271,068
Change in unrecognized net DTA and changes on other temporary differences – net	**1,444,576**	8,139,979	491,761,871
Unrecognized deferred tax on MCIT	**7,261,487**	-	-
Tax expense	**P 40,130,517**	P 12,870,958	P 3,852,001

The Company did not recognize certain DTA on other deductible temporary differences as management has assessed that it may not be able to realize the related tax benefits.

As of the end of the reporting periods, the total unrecognized net deferred tax assets relate to the items presented below.

	2023		2022	
	Amount	**Tax Effect**	Amount	Tax Effect
NOLCO	**P13,102,661,569**	**P 3,275,665,392**	P 11,797,043,779	P2,949,260,945
Allowance for impairment under ECL model	**116,992,854**	**29,248,814**	116,992,854	7,548,774
Past service cost	**42,539,066**	**10,634,767**	53,173,832	13,293,458
Unrealized foreign currency (gains) losses – net	**5,778,303**	**1,444,576**	(5,300,860)	(1,325,215)
MCIT	**7,261,487**	**7,261,487**	-	-
	P13,275,233,279	**P 3,324,255,036**	P 11,961,909,605	P2,968,777,962

The details of unrecognized NOLCO incurred by the Company which can be claimed as deduction from their respective future taxable income within three or five years from the year the taxable loss was incurred are shown below. Further, pursuant to Section 4(bbbb) of Republic Act No. 11494, *Bayanihan to Recover as One* (Bayanihan II), the NOLCO for taxable year 2021 and 2020 shall be claimed as deduction within five years immediately following the year of such loss.

Year Incurred	Amount	Expired Amount	Remaining Balance	Valid Until
2023	P 3,383,122,662	P -	P 3,383,122,662	2026
2022	3,506,708,977	-	3,506,708,977	2025
2021	2,909,919,979	-	2,909,919,979	2026
2020	3,302,909,951	-	3,302,909,951	2025
	P 13,102,661,569	**P -**	**P13,102,661,569**	

The Company is subject to the MCIT, which is computed at 1.5% in 2023 and 1% in 2022 and 2021, of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. In 2023, the Company incurred MCIT amounting to P7,261,487 which is deductible against future RCIT within three years. No MCIT was reported in 2022 and 2021 as the Company is in gross loss position in those years.

The Company opted to claim itemized deductions in computing for its income tax due for the reporting periods.

20.2 Taxation of Casino Operations

Under the Provisional License Agreement with PAGCOR, the Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by the Company to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 23.3(e)].

In August 2016, the Philippine Supreme Court (SC), in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos". The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR.

Total license fees recognized amounted to P6.9 billion, P6.1 billion and P3.1 billion in 2023, 2022 and 2021, respectively, and are presented as Gaming license fees as part of Direct Costs in the statements of comprehensive income (see Note 16). The outstanding liabilities are presented as License fee payables under the Trade and Other Payables account in the statements of financial position (see Note 14).

20.3 Registration with the Philippine Economic Zone Authority (PEZA)

The Company was registered with PEZA on December 16, 2008 as a Tourism Economic Zone Enterprise as owner of the 172-room Maxims Hotel and 342-room Marriott Hotel in the Newport City Cybertourism Zone. In 2012, Remington Hotel (now known as Holiday Inn Express Manila Newport City) and the Newport Entertainment and Commercial Centre were also registered with the PEZA.
As a PEZA-registered enterprise, the Company is entitled to certain tax incentives which include:

(a) Income tax holiday (ITH) for four years on income solely derived from servicing foreign tourists. Upon expiry of the ITH period, the Company shall pay the 5% Gross Income Tax (GIT), in lieu of all national and local taxes, provided that the Company shall have the option to forego the ITH incentive entitlement and immediately avail of the 5% GIT incentive upon the start of commercial operations subject to the Company's submission to PEZA of its Board Resolution on said waiver of the ITH incentive;

(b) Value Added Tax (VAT) zero rating on transactions with local suppliers of goods, properties and services directly related to its registered operations; and,

(c) Tax and duty-free importation of capital requirement for use in the technical viability and operation of the registered activity of the Company.

The Company completed the construction of 228-room MWW in 2016, and MGB, a 4,000-seater convention center, in 2015. In 2016, the Company obtained the supplemental agreements with PEZA covering these additional facilities.

ITH for Maxims Hotel, Marriott Hotel, and Holiday Inn Express Manila Newport City have expired.

In 2018, the Company registered Courtyard by Marriott Iloilo with PEZA. As the Company voluntarily waived the ITH incentive for Courtyard by Marriott Iloilo, it was directly made subject to the GIT incentive upon start of commercial operation in April 2018. On December 3, 2021, the BIR issued Revenue Regulations (RR) No. 21-2021 to implement certain provisions of the Tax Code in relation to fiscal incentives, as amended by the CREATE Act. RR 21-2021 clarified that VAT-zero rating and exemption shall only apply to registered export enterprises and customs duty exemption on importation shall only apply to domestic enterprises for a maximum period of 12 years from the date of registration, unless otherwise extended by the Strategic Investment Priority Plan.

There were no GIT paid on income from servicing foreign tourists as the tax base for GIT in 2023, 2022, and 2021 is in taxable loss position.

21. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions and balances include its stockholder, companies under common ownership, management or control, associate, the Company's key management personnel and others as described below and in the succeeding pages.

21.1 Summary of Related Party Transactions

The summary of the Company's transactions and outstanding balances with its related parties is as follows:

Related Party Category	Notes	Amount of Transaction 2023	Amount of Transaction 2022	Amount of Transaction 2021	Outstanding Balance 2023	Outstanding Balance 2022
Subsidiaries:						
BLMI – Manpower services and advances	21.2, 21.5	**(P 13,366,527)**	P 213,102,850	P 88,961,337	**(P 105,438,750)**	(P 92,072,223)
GVMSI – Manpower services and advances	21.2, 21.5	**(35,065,491)**	220,609,916	183,608,978	**(213,599,341)**	(178,533,850)
GSI – Manpower services and advances	21.2, 21.5	**(102,444,789)**	439,777,867	365,793,590	**(26,640,308)**	75,804,481
RBHAI – Manpower services and advances	21.2, 21.5	**34,674,156**	122,465,683	96,245,419	**16,730,001**	(17,944,155)
DHRI & LSHRI – Guaranteed room payments	21.2, 16	**335,592,462**	280,115,777	10,151,411	**467,967,954**	132,375,492
APEC – Transportation services and advances	21.2, 21.5	**(56,498,623)**	(56,355,150)	(55,566,381)	**619,659,638**	676,158,261
GIHRI – Operating lease and advances	21.5	**480,000**	-	9,600,000	**(27,625,619)**	(28,105,619)
FHTC – Use of theater facilities and advances	21.5, 21.7	**(27,963,199)**	671,487	3,573,148	**150,833,240**	178,796,439
Others – Obtaining of cash advances, net	21.5	**1,915,848,653**	1,292,566,077	(812,745,205)	**(2,099,228,646)**	(4,015,077,300)
Others – Granting of cash advances, net of repayments, and others	21.5	**(675,643,016)**	(88,564,791)	774,589,881	**16,654,224,808**	17,329,867,825
Related Parties Under Common Ownership:						
Repayment (obtaining) of cash Advances, net	21.5	**(45,251,191)**	(21,137,105)	1,746,875	**(183,191,192)**	(137,940,001)
Management fees	21.3	**58,505,291**	(8,697,096)	10,352,449	**-**	(58,505,291)
Granting (collection) of cash advances, net	21.5	**1,365,683**	(28,500)	(7,363,386)	**67,810,745**	66,445,062
Prepayment of condominium units	21.4	**-**	10,120,000	-	**199,740,688**	199,740,688
Reimbursement of construction costs	21.8	**-**	101,572,562	81,564,339	**2,685,865,769**	3,056,180,769
Associate –						
Granting of cash advances	21.5	**(357,449)**	-	-	**499,642,551**	500,000,000
Stockholder:						
Management fees	21.6	**-**	(440,871,113)	151,282,459	**(238,709,798)**	(666,258,121)
Officers and Employees:						
Key management compensation	21.6	**549,426,655**	226,541,972	201,917,925	**(16,253,715)**	11,495,197
Receivables from employee housing program	21.4	**(16,664,921)**	6,026,825	(2,726,988)	**107,241,840**	123,906,761
Granting (collection) of cash advances, net	21.5	**(8,208,197)**	5,165,100	3,001,835	**114,419,281**	119,643,083
Other Related Parties Under Common Management or Control :						
Granting of cash advances, net	21.5	**(456,314)**	27,685	4,785,745	**16,561,435**	17,017,749
Donations	23.3(d)	**251,480,457**	216,574,106	119,946,847	**(25,336,837)**	(18,066,969)

Under the ECL model, the Company recognized impairment loss in 2022 amounting to P7.7 million which is reported as Impairment on financial assets under 2022 statement of comprehensive income (see Note 21.5). No impairment losses were recognized in 2023 and 2021.

21.2 Purchase of Services from Subsidiaries

(a) BLMI, GVMSI, GSI and RBHAI

The Company has existing service agreements with BLMI and GVMSI whereby the subsidiaries shall provide its manpower needs. As a consideration, the Company shall reimburse all costs and expenses incurred by the subsidiaries related to the services rendered plus 10% service fee on the salaries, overtime pay and other necessary and reasonable costs of providing the related services incurred during the period.

The Company also entered in a service agreement with GSI and RBHAI to provide the additional manpower needs of the Company. Under the agreement, the Company shall reimburse all costs and expenses incurred by GSI and RBHAI related to the services rendered plus a certain markup.

The costs incurred arising from these transactions are presented as part of Outside services under Direct Costs in the statements of comprehensive income (see Note 16). Outstanding liabilities, if any, arising from these transactions are set-off against outstanding advances granted to these subsidiaries and is presented as part of Advances from Related Parties account. Otherwise, the remaining advances, net of outstanding liabilities, are presented as part of Advances to Related Parties account (see Note 21.6).

(b) APEC

As part of the Company's marketing and promotional activities, the Company uses APEC's yacht to service the Company's valued patrons. The outstanding balance of the foregoing transaction is netted against the Company's advances to APEC, which are unsecured, noninterest-bearing and payable in cash upon demand and is presented as part of Advances to Related Parties account in the statements of financial position (see Note 21.6).

(c) DHRI and LSHRI

In 2019, the Company entered in a hotel accommodation agreement with DHRI and LSHRI, whereby these subsidiaries shall allocate hotel rooms to accommodate certain patrons who are eligible for complimentary room accommodations, as part of the Company's marketing strategy. As a consideration, the Company shall pay these subsidiaries based on the rates agreed by the parties.

The cost incurred arising from these transactions are presented as part of casino operating expenses under Direct Costs in the statements of comprehensive income (see Note 16).

The outstanding liabilities from these transactions are presented as part of Trade payables under Trade and Other Payables account in the statements of financial position (see Note 14).

21.3 Management Fees to Related Parties

On July 19, 2010, the Company entered into a management agreement with a related party under common ownership, whereby the latter shall provide management services to the Company, such as the handling of billings to and collections from tenants, and overall administration of the Company's leasing operations. As a consideration for such services, the Company shall pay the related party based on certain rates of collection, plus commission. The consideration for the services rendered by the related party is presented as part of Management fees under General and Administrative Expenses account in the statements of comprehensive income (see Note 16).

In 2023 and 2022, the Company obtained certain management services from another related party under common ownership for the Company's ongoing construction and development activities. The consideration for the services rendered by the related party is capitalized as part of Construction in progress under Property and Equipment account in the statements of financial position (see Note 10).

The outstanding balances, which are unsecured, noninterest-bearing and payable in cash upon demand, of management fees are presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

21.4 Advance Payment to a Related Party

The Company entered into a contract to buy and sell with a related party under common ownership, whereby the Company shall purchase condominium units and parking lots from the latter to be used by in-house entertainers and for employee housing program. The remaining balance for each reporting period are presented as part of Miscellaneous under Other Non-Current Assets account in the statements of financial position (see Note 12).

There were new availments of the condominium units from employees: three in 2023 and two in 2022. The outstanding receivables, secured to the extent of the related condominium units, noninterest-bearing and payable in lump sum payment or salary deductions, arising from the availment of certain employees amounting to P108.9 million and P122.6 million as of December 31, 2023 and 2022, respectively, are presented as part of Others under Trade and Other Receivables account with respect to the current portion and as Receivables from employees under Other Non-current Assets account with respect to the non-current portion in the statements of financial position (see Notes 6 and 12). Management assessed that the related impact of discounting is not significant to the Company's financial statements.

21.5 Advances to and from Related Parties

In the normal course of business, the Company obtains from and grants cash advances to its related parties, including those under common ownership, and officers and employees which are subject for liquidation or salary deduction, for working capital requirements and other purposes. The details of Advances to Related Parties account as at December 31 are presented in the succeeding page.

	Note	2023	2022
Subsidiaries		**P17,909,415,641**	P18,260,627,006
Associate		**499,642,551**	500,000,000
Related parties under common ownership of stockholders		**67,810,745**	66,445,062
Officers and employees		**114,419,281**	119,643,083
Other related parties under common ownership, management or control		**16,561,435**	17,017,749
		18,607,849,653	18,963,732,900
Allowance for impairment	24.2(c)	**(211,194,481)**	(211,194,481)
		P18,396,655,172	P18,752,538,419

Significant outstanding advances to subsidiaries include DHRI and LSHRI, which pertain to the funding for the construction and development of their respective hotels as ancillary to the main operations of the Company.

The changes in Advances to Related Parties account are shown below.

	2023	2022
Balance at beginning of year	**P18,752,538,419**	P 18,807,904,103
Repayments and offsetting	**(769,126,799)**	(56,938,444)
Additions	**413,243,552**	9,238,436
	18,396,655,172	18,760,204,095
Impairment loss	**-**	(7,665,676)
Balance at end of year	**P18,396,655,172**	P 18,752,538,419

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from certain related parties under common ownership.

The details of Advances from Related Parties account as at December 31 are shown below.

	2023	2022
Subsidiaries	**P 2,472,532,664**	P 4,331,733,147
Related parties under common ownership, management or control	**183,191,192**	137,940,001
	P 2,655,723,856	P 4,469,673,148

The changes in Advances from Related Parties account are shown below.

	2023	2022
Balance at beginning of year	**P 4,469,673,148**	P 5,716,532,988
Repayments	**(1,916,328,653)**	(1,253,520,326)
Additions	**102,379,361**	6,660,486
Balance at end of year	**P 2,655,723,856**	P 4,469,673,148

The advances to and from related parties have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties (see Note 25.2). Parties agreed that costs, if any, arising from those transactions shall be shouldered by the Company.

21.6 Operations and Management Agreement with GHL/Key Management Personnel Compensation

In 2022 and prior years, some of the Company's administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. These transactions are presented as part of Management fees under General and Administrative Expenses in the statements of comprehensive income (see Note 16). The outstanding liability, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14). There was no similar transaction in 2023.

The compensation of other key management personnel which is presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses account in the statements of comprehensive income is shown below (see Notes 16 and 19.1).

	2023	2022	2021
Short-term benefits	**P 484,411,433**	P 334,433,346	P 168,992,544
Post-employment defined	**65,015,222**	44,885,931	32,925,381
	P 549,426,655	P 379,319,277	P 201,917,925

The short-term benefits are generally payable semi-monthly. The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

21.7 Use of Theater Facilities by FHTC

The Company leases its theater facilities to FHTC on a per-show basis. Total income recognized from this transaction is presented as part of Rentals under Other Revenues in the statements of comprehensive income (see Note 17). The outstanding receivable, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction, is presented as part of Advances to Related Parties account in the statements of financial position.

21.8 Reimbursement for Construction Costs

In 2018, related party under common ownership turned over Courtyard Iloilo to the Company (see Note 10). The parties agreed that the Company will reimburse the costs incurred by the related party in constructing the hotel and its related facilities amounting to P4.0 billion. The unpaid portion, which is unsecured, shall bear interest of 6% commencing in 2019. As of December 31, 2023 and 2022, the outstanding balance amounting to P3.1 billion is presented as Non-trade payable to a related party under Other Non-current Liabilities account in the statements of financial position (see Note 16). The related interest expense amounting to P183.4 million and P101.6 million is presented as part of Finance costs under Other Income (Charges) – Net in the 2023 and 2022 statements of comprehensive income (see Note 18).

21.9 Retirement Plan

The Company's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash, treasury bills and UITF with a total fair value of P197.3 million and P147.5 million as of December 31, 2023 and 2022, respectively. The details of the contributions of the Company and the fair value of the plan assets are presented in Note 19.2(b).

22. EQUITY

22.1 Capital Stock

As of December 31, 2023 and 2022, the details of capital stock and treasury shares are as follow:

	Number of Shares	Amount
Authorized and issued shares		
Preferred A – P0.10 par value	73,000,000,000	P 7,300,000,000
Preferred B – P0.01 par value	20,000,000,000	200,000,000
Common – P0.10 par value	73,000,000,000	2,500,000,000
Total authorized and issued shares		P 10,000,000,000

	Number of shares		Amount	
	2023	2022	**2023**	2022
Treasury shares – at cost				
Preferred A	**P73,000,000,000**	P 73,000,000,000	**P 7,300,000,000**	P 7,300,000,000
Preferred B	**7,464,492,101**	8,732,246,051	**74,644,921**	87,322,460
Common	**6,923,435,665**	8,744,310,657	**5,371,585,385**	6,784,321,198
Total treasury shares	**P87,387,927,766**	P 90,476,556,708	**P12,746,230,306**	P 14,171,643,658

On June 8, 2013, the Company approved the reclassification of its authorized capital from P10.0 billion divided into 9.9 billion voting, participating and reissuable preferred shares, redeemable at the option of the Company, and 100.0 million common shares, both with a par value of P1.0 per share, into P10.0 billion divided into 25.0 billion common shares with par value of P0.10 per share, 73.0 billion redeemable, non-voting, non-participating and reissuable preferred A shares with par value of P0.10 per share; and, 20.0 billion redeemable, voting, participating and reissuable preferred B shares with par value of P0.01 per share. All the preferred shares are convertible into common shares and redeemable at the option of the Company under such terms and conditions as may be determined by the Company.

The reclassification was subsequently approved by the SEC on June 26, 2013. On March 12, 2014, the SEC approved another amendment to the Company's articles of incorporation to remove the convertibility feature of its preferred A and preferred B shares.

Also, on June 8, 2013, the Company's BOD approved the reissuance of 10.0 billion preferred B shares previously held under treasury at par value or P100.0 million. The preferred B shares are entitled to receive dividends at a rate, price, amount participation, and other terms and conditions to be fixed by the Company prior to the dividend issue date.

On November 5, 2013 and December 6, 2013, the Company issued through Initial Public Offering (IPO) 1,573,222,300 common shares and exercised its over-allotment option of 23,645,550 common shares, respectively, at an issue price of P11.28 per common share. Such issuances resulted in an increase in APIC of P16.6 billion, which is net of IPO-related expenses of P1.3 billion.

On August 13, 2019, the BOD of the Company approved the voluntary delisting of the common shares from the main board of the PSE. The Company made a tender offer for up to 1,582,867,900 common shares held by the public shareholders, at a tender offer price of P5.5 per common share. At the end of tender offer on September 23, 2019, the Company was able to buyback 1,321,060,505 shares for P7.3 billion, which brings down the public ownership of common shares from 10% to 1.8%. Accordingly, the PSE approved the petition for voluntary delisting and the Company's shares ceased to be traded publicly on October 21, 2019.

Following the delisting of shares in the PSE, the Company is gathering the total number of shareholders of common shares owning at least 100 shares each. However, the management initially assessed that the Company has breached the 200 or more shareholders, hence, qualifying as a quasi-public entity.

In February 17, 2022, the Company received a capital infusion from AGI via an equity call for an allocated common shares (3.6 billion) and preferred shares (2.5 billion) at an exercise price of P2.40, and P0.02 respectively, for a total of P7.8 billion to be received in four tranches starting from date of agreement. As of December 31, 2022, 50% of the agreed amount was already received by the Company amounting to P3.9 billion through the reissuance of treasury shares. In return of said infusion, the Company reissued 1,267,753,951 preferred B and 1,820,874,993 common shares from treasury at P0.02 and P2.14 per share, respectively, to AGI resulting to a decrease in treasury shares amounting to P1.4 billion and an additional APIC amounting to P2.5 billion. As of December 31, 2023, the remaining amount was already received in full resulting to a further decrease in treasury shares and additional APIC amounting to P1.4 billion and P2.5 billion, respectively.

22.2 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown in the succeeding page.

	Financial Assets at FVOCI [(see Note 26.2(a)]	Retirement Benefit Obligation (see Note 19.2)	Total
Balance as of January 1, 2023	P 117,951,080	(P 74,289,534)	P 43,661,546
Remeasurements of retirement benefit obligation	-	(177,165,748)	(177,165,748)
Fair value gains on financial assets at FVOCI	74,000,000	-	74,000,000
Other comprehensive income	74,000,000	(177,165,748)	(103,165,748)
Balance as of December 31, 2023	**P 191,951,080**	**(P 251,455,282)**	**(P 59,504,202)**
Balance as of January 1, 2022	P 100,851,080	(P 211,490,833)	(P 110,639,753)
Remeasurements of retirement benefit obligation	-	137,201,299	137,201,299
Fair value gains on financial assets at FVOCI	17,100,000	-	17,100,000
Other comprehensive income	17,100,000	137,201,299	154,301,299
Balance as of December 31, 2022	P 117,951,080	(P 74,289,534)	P 43,661,546
Balance as of January 1, 2021	P 78,451,080	(P 324,623,652)	(P 246,172,572)
Remeasurements of retirement benefit obligation	-	113,132,819	113,132,819
Fair value gains on financial assets at FVOCI	22,400,000	-	22,400,000
Other comprehensive income	22,400,000	113,132,819	135,532,819
Balance as of December 31, 2021	P 100,851,080	(P 211,490,833)	(P 110,639,753)

23. COMMITMENTS AND CONTINGENCIES

23.1 Operating Lease Commitment – Company as Lessor

The Company is a lessor under non-cancellable operating lease agreements covering certain office, commercial and other spaces. The leases have terms ranging from three to seven years, with renewal options, and include annual escalation rate of 3% to 10%. The future minimum lease receivables, wherein significant renewals were entered into by the parties in 2023 and 2022, under these non-cancellable operating leases as at December 31 are presented below:

	2023	2022
Within one year	**P 348,753,300**	P 214,858,582
After one year but not more than five years	**384,371,620**	208,384,288
More than five years	**-**	3,632,141
	P 733,124,920	P 426,875,011

The Company is subject to risk incidental to its rental of office, commercial and other spaces, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth, particularly from mall tenants, does not meet management's expectations, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits from commercial tenants, respectively (see Note 14).

Total rentals from these operating leases in 2023, 2022 and 2021 amounted to P527.2 million, P436.8 million, and P315.8 million, respectively, and presented as Rentals under the Other Revenues in the statements of comprehensive income (see Note 17).

23.2 Various Hotel Agreements

(a) Marriott Company (Marriott and Courtyard Iloilo)

The Company has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as Marriott Group) for the license, supervision, direction, control and management of operations of the Company's Marriott, including the monitoring of its compliance with Marriott Group's standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants the Company a nonexclusive and nontransferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with the Company's Marriott hotels and brands.

(b) Holiday Inn Express

In 2017, the Company also entered into a Hotel Management Agreement (HMA) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards. The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with the Company's Holiday Inn Express.

(c) Hotel Okura Manila

Also in 2017, the Company and Hotel Okura Co., Ltd (Okura) signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants the Company a nonexclusive and nontransferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila.

In 2019, Hotel Okura Co., Ltd.'s wholly owned subsidiary, Okura Nikko Hotel Management Co., Ltd., entered into a Deed of Assignment and Assumption of Management Agreement with the Company relating to Okura. On January 2022, Hotel Okura started its commercial operations.

Payments to be made by the Company for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total amounts recognized from these transactions in 2023, 2022 and 2021 totaled P59.1 million, P83.1 million and P40.1 million , respectively, and are presented as part of Management fees under the General and Administrative Expenses in the statements of comprehensive income (see Note 16).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2023 and 2022 amounted to P30.1 million and P4.4 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

23.3 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Company to participate in the development of a portion of certain entertainment sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by the PAGCOR, and to establish and operate casinos, and engage in gambling activities in Sites A and B (collectively referred to as the Project). The term of the Company's License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) Debt–Equity Ratio Requirement

The Provisional License Agreement provides, among others, that the Company's License may be revoked or suspended upon failure of the Company to comply with the 70% debt – 30% equity ratio requirement of PAGCOR (see Note 26). As at December 31, 2023 and 2022, the Company is in compliance with this provision.

(b) Accession of WCI to the Provisional License

On March 18, 2013, the Company and WCI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of the Company under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCI are bound by certain investment commitments [see Note 23.3(c)].

(c) Investment Commitments

As required by the Provisional License Agreement, the Company and WCI are required to complete its U.S. $1.3 billion (about P73.0 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. $1.1 billion (about P61.7 billion) and U.S. $216.0 million (about P12.1 billion), respectively [see Note 23.3(b)]. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project (see Note 10).

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Company in 2014, PAGCOR approved a revised project implementation plan for the Westside City Project (Site A). WCI held the groundbreaking rites at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, the Company transferred U.S. $100.0 million (about P5.6 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Company.

At any given time, the escrow account shall have a maintaining balance of not lower than U.S. $50.0 million (about P2.6 billion) (see Note 8).

If the funds fall below the maintaining balance at any given time, the Company is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Company to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained.

While the Project is on-going, all funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Company is allowed to use other funds.

As at December 31, 2023, the Company has spent P125.3 billion (about $2.4 billion) for its casino projects pursuant to its investment commitments under the Provisional License Agreement.

The Company has restricted short-term placements amounting to U.S. $50.4 million (about P2.6 billion) and U.S. $46.9 million (about P2.6 billion) as at December 31, 2023 and 2022, respectively, to meet its requirements with PAGCOR in relation to the Company's investment commitments (see Note 8).

(d) Requirement to Establish a Foundation

The Company, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the Provisional License Agreement. In compliance with the said requirement, Newport World Resorts Foundation Inc. (the Foundation), formerly Resorts World Philippines Cultural Heritage Foundation, Inc., was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the company by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) cultural heritage; (ii) education; and, (iii) environment and health. As of December 31, 2023, the following are the completed and on-going projects of the Foundation:

- Donation of relief goods to victims of typhoons;

- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;

- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;

- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;

- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;

- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;
- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts;
- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center; and,
- Donation of funds for the redevelopment of the Baguio City Post Office Park;
- Construction of the Philippine Military Academy Alumni Association, Inc. Center for Leadership Excellence;
- Donation of funds for the Construction of the Naga City Hospital Phase II;
- Information, education and communication materials for Dangerous Drugs Abuse Prevention and Treatment Program;
- Cash donation for the construction of the Magiting Verterans Wing at Veterans Memorial Medical Center; and
- Cultural development projects and sponsorship activities.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses in the statements of comprehensive income (see Note 16). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2023 and 2022 is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

(e) Tax Contingencies of Casino Operations

The Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR (see Notes 20.2). In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 20.2).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos." The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR issued a circular which sought to clarify that the franchise tax imposed to PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the licensee is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

23.4 Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)

As a PAGCOR licensee, the Company committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila.

As at December 31, 2023 and 2022, contributions made to ECEMI amounted to P1.3 million and is presented as part of Advances to Related Parties account in the statements of financial position (see Note 21.6).

23.5 Co-Development Agreement between WCI and Suntrust Resorts Holdings, Inc. (SUN)

On October 28, 2019, a co-development agreement was entered into between WCI and SUN, under and pursuant to which WCI and the Company are to lease a portion of Site A to SUN for the development and construction of the hotel casino that SUN will operate and manage as allowed under the Provisional license issued by PAGCOR to the Company.

As part of the co-development agreement with SUN, Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of Suncity Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and conditions mutually agreed upon by the parties. WCI and the Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of the Company's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of; (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to the WCI and to the Company, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(j)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.4(a)].

In accordance with the ECL model, the option price that the WCI and Parent Company is committed to pay was compared with the value of the collateral or the shares they will receive using the put option. Management determined that the committed option price as of 2023 and 2022 amounted to P3.1 billion and P3.6 billion, respectively, and the SUN shares are priced in the PSE at P0.84 per share in 2023 (P3.1 billion in total) and P0.99 per share in 2022 (P3.7 billion in total). As the option price is fully secured by the value of SUN shares and as management assessed that the probability of default was assessed to be remote, the Company assigned a nil value to the instrument as at December 31, 2023 and 2022.

23.6 Others

The Company has unutilized credit lines amounting to P13.0 billion and P10.5 billion as of December 31, 2023 and 2022, respectively (see Note 13).

Also, the Company, in the normal course of its business, makes various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 25. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's risk management is coordinated with its BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

24.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing, and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's foreign currency-denominated cash, trade and other receivables, and trade and other payables, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate, are shown below:

	USD	PHP Equivalent	HKD	PHP Equivalent
2023				
Financial assets	**$ 4,563,724**	**P 229,317,143**	**$ 379,416,364**	**P 2,698,447,121**
Financial liabilities	**(18,156,050)**	**(912,301,754)**	**(100,415,037)**	**(714,161,785)**
	($ 13,592,326)	**(P 682,984,611)**	**$ 279,001,327**	**P 1,984,285,336**
2022				
Financial assets	$ 11,967,699	P 671,627,295	$ 399,678,925	P 2,877,528,389
Financial liabilities	(16,077,052)	(902,244,166)	(126,720,727)	(912,338,548)
	($ 4,109,353)	(P 230,616,871)	$ 272,958,198	P 1,965,189,841

The sensitivity of the income or loss before tax for the period with regard to the Company's financial assets and the USD – Philippine peso exchange rate assumes +/- 15.94% changes in exchange rate for the years ended December 31, 2023 and 2022. The HKD – Philippine peso exchange rate assumes +/- 18.13% and +/- 15.93% changes for 2023 and 2022, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, profit before tax would have been higher by P108.9 million in 2023 and P36.8 million in 2022. In terms of HKD, if the Philippine peso had strengthened against the foreign currency, with all other variables held constant, profit before tax would have decreased by P359.8 million in 2023 and P451.1 million in 2022.

However, if the Philippine peso had weakened against the USD and the HKD by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. At December 31, 2023 and 2022, the Company is exposed to changes in market interest rates through cash and certain interest-bearing loans and borrowings which are subject to variable interest rates (see Notes 5 and 13). All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Company's profit or loss before tax to a reasonably possible change in interest rates of +/- 0.19% and +/- 0.26% for Philippine pesos in 2023 and 2022, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence.

The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting periods, with effect estimated from the beginning of the year. All other variables are held constant, if interest rates increased by 0.19% in 2023 and 0.26% in 2022, profit before tax both in 2023 and 2022 would have increased by P1.7 million and P11.7 million. Conversely, if the interest rate decreased by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

24.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, placing deposits to banks, and entering into financial guarantee contract.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements) as summarized below.

	Notes	**2023**	2022
Cash	5	**P 10,415,948,214**	P 13,171,445,202
Restricted short-term placements	8, 23.3(c)	**2,621,279,159**	2,632,933,283
Trade and other receivables	6	**1,741,598,303**	1,772,834,154
Advances to related parties	21.6	**18,396,655,172**	18,752,538,419
Investments in time deposits	8	**126,388,802**	125,593,932
Financial guarantee contract	23.5	**3,124,831,402**	3,594,239,018
Other non-current assets:			
Receivables from employees	12	**100,269,149**	120,453,977
Refundable deposits	12	**96,380,053**	96,340,056
		P 36,623,350,254	P 40,266,378,041

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described in the succeeding pages.

(a) *Cash, Restricted Short-term Placements and Other Deposits in Bank, and Investments in Time Deposits*

The credit risk for cash and similar financial assets herein is considered negligible or the probability of default from the reputable depositary banks are remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution.

(b) *Trade and Other Receivables*

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The trade receivables relate mostly to receivables from third parties arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Company assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables over a period of 36 months before December 31, 2023, and the corresponding historical credit losses experienced within such period. In determining the historical loss rates the Company considered the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, including the consumer confidence and price indices (food and beverage, recreation and culture), gross domestic product growth rate and inflation.

On that basis, the loss allowance as at December 31, 2023 and 2022 was determined based on months past due, as follows:

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year	Total
December 31, 2023					
Expected loss rate	**0.00%**	**59.15%**	**89.30%**	**100.00%**	
Gross carrying amount	**P1,626,918,707**	**P 55,312,757**	**P 67,311,970**	**P 46,812,622**	**P 1,796,356,056**
Loss allowance	**-**	**32,716,214**	**60,110,342**	**46,812,622**	**139,639,178**
December 31, 2022					
Expected loss rate	0.00%	55.54%	88.28%	100.00%	
Gross carrying amount	P1,644,934,634	P 81,335,075	P 53,223,392	P 47,483,401	P 1,826,976,502
Loss allowance	-	45,171,198	46,984,579	47,483,401	139,639,178

Other components of trade and other receivables such as interest receivables and claim receivables are also evaluated by the Company for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, does not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) Advances to Related Parties

Advances to related parties pertain to cash grants to the Company's officers and employees, associate and related parties under common ownership. For officers and employees, the Company assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Company deemed that exposure at default is low as it has an outstanding advances from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Company did not provide an ECL on such balances.

With respect to its advances to subsidiaries and related parties under common ownership, the Company did not recognize an impairment loss for 2023 and 2022.

(d) Refundable Deposits

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Company.

(e) Other Assets with Exposure to Credit Risks

Management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance the general approach of ECL, the value of the put option was measured on a 12-month basis (see Note 23.5).

24.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year periods are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	Current			Non-current
	Upon Demand	Within 6 Months	6 to 12 Months	1 to 19 Years
December 31, 2023				
Interest-bearing loans and borrowings	P -	P 9,677,051,251	P16,675,499,697	P37,889,228,027
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	82,735,654	17,166,686,313	17,767,208	-
Slot jackpot liability	-	582,308,901	-	-
Advances from related parties	2,655,723,856	-	-	-
Other non-current liabilities	-	-	-	4,949,582,062
	P 2,738,459,510	**P 27,426,046,465**	**P 16,693,266,905**	**P42,838,810,089**
December 31, 2022				
Interest-bearing loans and borrowings	P -	P 3,507,722,222	P14,388,383,389	P43,987,286,269
Trade and other payables (except tax-related liabilities, license fees payable, liability for unredeemed gaming points)	74,807,358	21,574,650,824	17,767,208	-
Slot jackpot liability	-	465,757,896	-	-
Advances from related parties	4,469,673,148	-	-	-
Other non-current liabilities	-	-	-	8,275,995,870
	P 4,544,480,506	P 25,548,130,942	P 14,406,150,597	P 52,263,282,139

The contractual maturities reflect the gross cash flows which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

25. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

		2023		2022	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets					
At amortized cost:					
Cash	5	**P 10,415,948,214**	**P 10,415,948,214**	P 13,171,445,202	P 13,171,445,202
Trade and other receivables - net	6	**1,741,598,303**	**1,741,598,303**	1,772,834,154	1,772,834,154
Advances to related parties - net	21.6	**18,396,655,172**	**18,396,655,172**	18,752,538,419	18,752,538,419
Restricted short-term placements	8	**2,621,279,159**	**2,621,279,159**	2,632,933,283	2,632,933,283
Investments in time deposits	8	**126,388,802**	**126,388,802**	125,593,932	125,593,932
Other non-current assets:					
Refundable deposits	12	**96,380,053**	**91,038,462**	96,340,056	91,000,681
Receivables from employees	12	**100,269,149**	**100,269,149**	120,453,977	120,453,977
		P 33,498,518,852	**P 33,493,177,261**	P 36,672,139,023	P 36,666,799,648
Financial assets at FVOCI		**P 240,700,000**	**P 240,700,000**	P 166,700,000	P 166,700,000
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	13	**P53,037,553,259**	**P64,241,728,975**	P51,745,403,428	P62,883,391,880
Trade and other payables	14	**19,138,519,073**	**19,138,519,073**	23,565,642,303	25,565,642,303
Advances from related parties	21.6	**2,655,723,856**	**2,655,723,856**	4,469,673,148	4,469,673,148
Other non-current liabilities	14	**4,949,582,062**	**3,257,710,933**	8,275,995,870	3,296,917,419
		P79,781,378,250	**P89,293,682,837**	P88,056,714,749	P96,215,624,750
At fair value through profit or loss – Slot jackpot liability	14	**P 582,308,901**	**P 582,308,901**	P 465,757,896	P 465,757,896

See Note 2.4 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 24.

25.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements, except as disclosed in Note 21.5. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders.

As such, the Company's outstanding receivables from and payables to the same related parties as presented in Note 21 can be potentially offset to the extent of their corresponding outstanding balances.

26. FAIR VALUE MEASUREMENT AND DISCLOSURE

26.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: 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); and,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

26.2 Financial Instruments Measured at Fair Value

(a) Financial Assets at FVOCI

Golf club and other club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market and not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

The fair value of these shares increased by P74.0 million in 2023, P17.1 million in 2022 and P22.4 million in 2021, which are presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income in the statements of comprehensive income.

Accumulated fair value gains on these financial assets is presented as part of Revaluation Reserves account in the statements of financial position (see Note 22.2).

(b) *Financial Liabilities arising from Derivative Transactions*

Slot jackpot liability refers to the accrual for unsettled wagers related to the expected and eventual payouts of the Company as of the last trading day for the year. As the provision accumulates on a real-time basis based on pattern of play, less any payouts, the amount of the obligation as of the end of the reporting period represents its fair value. The outstanding amounts as of December 31, 2023 and 2022 is presented under Trade and Other Payables account in the statements of financial position (see Note 14).

There were no transfers across the levels of the fair value hierarchy for both club shares and provision for slot jackpot in 2023 and 2022.

26.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management determined that due to the short duration of its financial assets and financial liabilities, as disclosed in Note 25, their carrying amount as of December 31, 2023 and 2022 approximate their fair values. Only cash, restricted short-term placements and investment in time deposits are categorized under Level 1 while all other financial instruments are categorized under Level 3 of their fair value hierarchy.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

26.4 Fair Value for Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Company's investment property (see Note 11) was determined by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate and other relevant considerations. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is their current use.

As of December 31, 2023 and 2022, the fair value of the Company's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a 15-year discounted cash flow model with 16th year reversion value. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital.

The approach involves the projection of the discounting revenues, outgoing expenses over the future 15 years with reference to the anticipated revenues. The reversion value at the 16th year is capitalized at an appropriate capitalization rate to determine the terminal value of the asset. The adopted capitalization for the asset may reflect the quality and market position of the asset at the end of the cash flow.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the Company's statements of financial position. The Company's goal in capital management is for the Company to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio [see Note 23.3(a)]. Capital of the Company for the reporting periods and the computation of debt – equity structure as at December 31, 2023, 2022 and 2021 is presented below.

	2023	2022	2021
Total debt from financing:			
Interest-bearing loans and borrowings	**P53,037,553,259**	P51,745,403,428	P55,757,615,605
Advances from related parties	**2,655,723,856**	4,469,673,148	5,716,532,988
	55,693,277,115	56,215,076,576	61,474,148,593
Total equity	**39,368,084,444**	33,856,232,004	28,715,667,879
Debt-equity ratio	**59% - 41%**	62% - 38%	68% - 32%

All ratios as at December 31, 2023, 2022 and 2021 are compliant with the Company's Provisional License Agreement with PAGCOR [see Note 23.3(a)].

The Company sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Company 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 Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

28. EARNINGS (LOSS) PER SHARE

The earnings (loss) per share is computed as follows:

	2023	2022	2021
Basic and diluted:			
Net profit (loss) for the year	**P 1,697,445,905**	P 1,068,690,543	(P 5,323,207,719)
Divided by weighted average number of outstanding common shares	**15,651,923,690**	15,284,556,014	14,434,814,350
	P 0.108	P 0.070	(P 0.369)

There were no other potentially dilutive shares as at December 31, 2023, 2022 and 2021. Accordingly, the basic and diluted EPS are the same for all years presented.

29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In 2023, the Company declared Output VAT as follows:

	Tax Base	Output VAT
Exempt revenues	P34,373,545,529	P -
Sale of goods and rendering of services	3,979,342,290	477,521,075
Zero-rated revenues	1,267,014,971	-
	P39,619,902,790	**P 477,521,075**

The Company's VAT-exempt revenues were determined pursuant to Sections 13.2(a) and (b) of P.D. No. 1869, otherwise known as the PAGCOR Charter, and Section 109 of the National Internal Revenue Code of 1997, as amended. The VAT-exempt revenues is composed of Gaming Revenues and certain items under Other Revenues in the 2023 statement of comprehensive income.

The Company's hotel operations is a PEZA-registered activity and is subject to 5% GIT on income solely derived from servicing foreign tourists. The Company's income from hotel operations derived from foreign tourists is classified as VAT zero-rated sales pursuant to Section 108(B) of the National Internal Revenue Code of 1997, as amended.

The tax bases for revenues from Hotel, Food, Beverage and Others and Other Revenues – Net are based on the Company's gross receipts for the year; hence, these may not be the same as the amounts accrued in the 2023 statement of comprehensive income.

(b) Input VAT

The movements in Input VAT in 2023 are summarized below.

Balance at beginning of year	P 1,029,018,750
Services lodged under cost of services	722,382,244
Applied against output VAT	(480,482,028)
Balance at end of year	**P 1,270,918,966**

Input VAT as at the end of the year represents deferred input tax on purchase of capital goods and input tax on importation of goods and is presented as Input VAT under Prepayments and Other Current Assets account in the 2023 statement of financial position.

(c) Taxes on Importations

The Company did not have any importations in 2023 which are subject to customs duties and tariff fees.

(d) Excise Tax

The Company did not have any transactions in 2023 which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

In 2023, DST accrued and paid by the Company amounted to P76.2 million relating to the Company's documents, instruments and papers evidencing the acceptance, assignment, sale or transfer of an obligation and any right or property during the year, which is presented as part of Taxes and licenses under General and Administrative Expenses account in the 2023 statement of comprehensive income.

(f) Taxes and Licenses

The details of Taxes and licenses account shown in the 2023 statement of comprehensive income are as follows:

Real property tax	P 140,273,848
DST	76,165,075
Others	14,816,746
Business permits and registration fees	14,568,938
	P 245,824,607

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2023 are shown below.

Expanded	P 216,549,896
Compensation and benefits	159,409,968
Final	108,209,500
	P 484,169,364

(h) Deficiency Tax Assessments and Tax Cases

In 2023, the Company paid deficiency taxes which includes basic taxes, surcharge and compromise amounting to P26,686,955 and interest amounting to P3,318,490 for taxable year 2021. The deficiency payment is presented as part of Miscellaneous under Operating Expenses account in the 2023 statement of comprehensive income.

The Company received Final Decision on Disputed Assessment (FDDA) assessing the Company for deficiency income taxes in the aggregate amount, inclusive of interest and penalties, of P2.7 billion, P2.9 billion, P4.6 billion and P3.3 billion covering taxable years 2010 through 2013. Further, in 2014 and 2015, the Company received Final Assessment Notices (FAN) assessing the Company for deficiency VAT in the amount of P3.3 billion and P3.8 billion, respectively. The foregoing assessments stemmed from the BIR's interpretation of RMC 33-2013 which subjected the Company's gaming revenues to the regular income tax rate [see Notes 20.2 and 23.3(e)]. The Company timely filed the requisite Protests to the FAN and Requests for reconsideration to the FDDA with the BIR, and Petitions for review with the Philippines Court of Tax Appeals (CTA) for all assessments.

In 2018, 2019 and 2020, the CTA rendered decisions on the Company's appeal involving the deficiency assessments on income taxes for taxable years 2010, 2011 and 2012, respectively. In said decisions, the CTA declared the assessment void, cancelled and withdrawn. The decisions for taxable years 2010, 2011 and 2012 were affirmed by the CTA En Banc in 2020 and 2023. In 2021, the Supreme Court denied the CIR's Petitions for Review in relation to the deficiency assessments on income taxes for taxable year 2010 and 2011, and affirmed the decisions of the CTA, which declared void, cancelled, and withdrawn the said assessments.

Moreover, in 2020 and 2019, the BIR rendered a decision on the Company's appeal involving the deficiency assessment on VAT for taxable year 2014 and 2015, respectively. In its decision, the BIR similarly ruled both assessment as void, cancelled and withdrawn.

In 2022, the Supreme Court denied with finality the BIR's Petition for Review of the decision of the CTA, which declared void, cancelled, and withdrawn the assessment for deficiency income tax amounting to Php2.7 billion for the year 2010 considering that PAGCOR contractees and licensees are exempt from income tax on its gaming operations. Thus, the CTA's Decision cancelling the BIR's income tax assessment for the year 2010 amounting to PhP2.7 billion has become final.

The assessment for taxable year 2013 was submitted for decision of the CTA in April 2023. Management expects a favorable decision considering that the CTA En Banc has rendered similar assessments for income tax for other taxable years as void. Further, significant developments that removed the uncertainty on exemption from taxation of gaming revenues is in line with said management assessment [see Notes 20.2 and 23.3(e)].

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc.
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Travellers International Hotel Group, Inc. for the year ended December 31, 2023, on which we have rendered our report dated March 22, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Map Showing the Relationship Between and Among the Company and its Related Entities; and,

b. Reconciliation of Retained Earnings Available for Dividend Declaration as of December 31, 2023

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

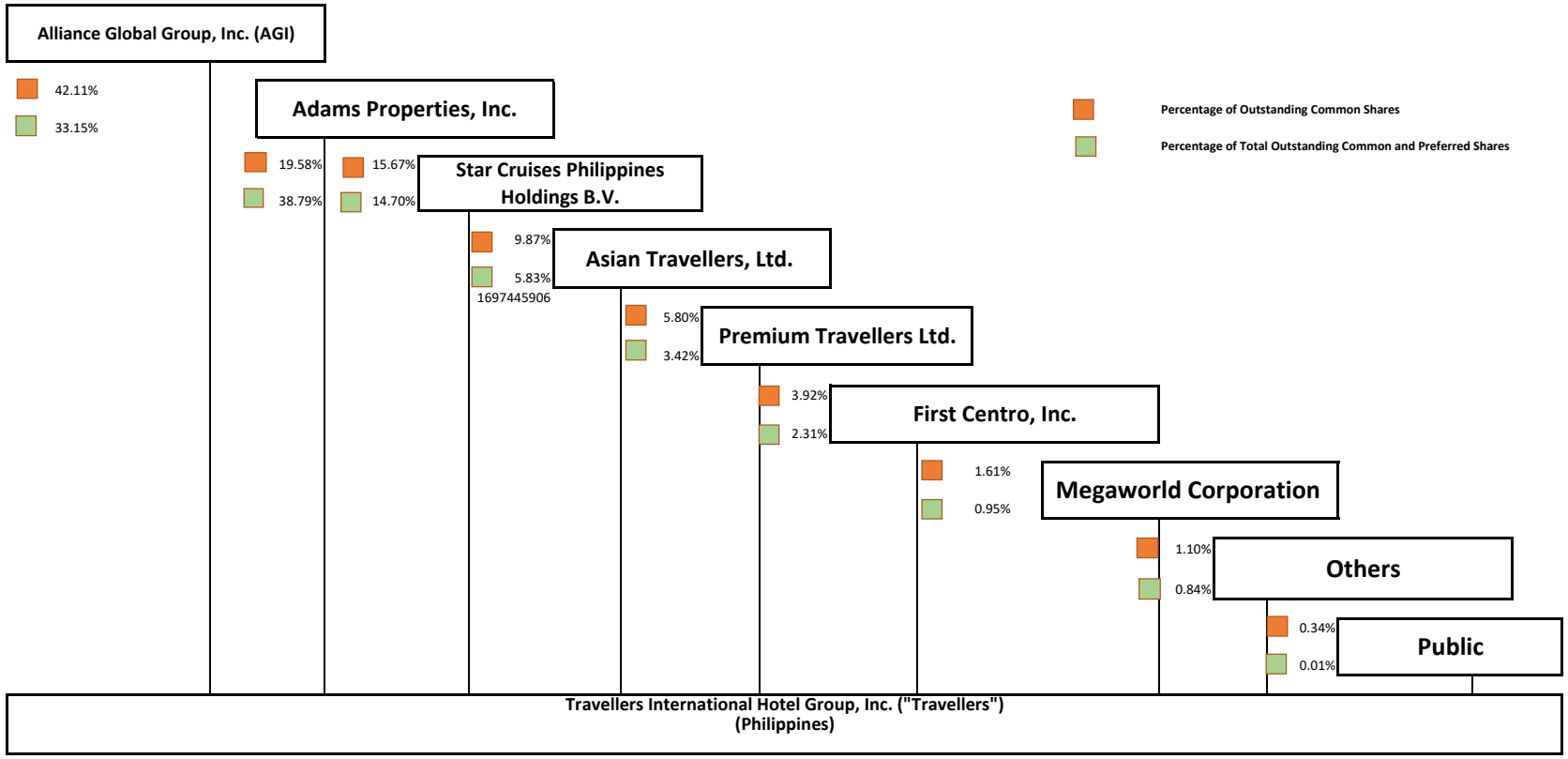
PUNONGBAYAN & ARAULLO

By: Yusoph A. Maute
Partner

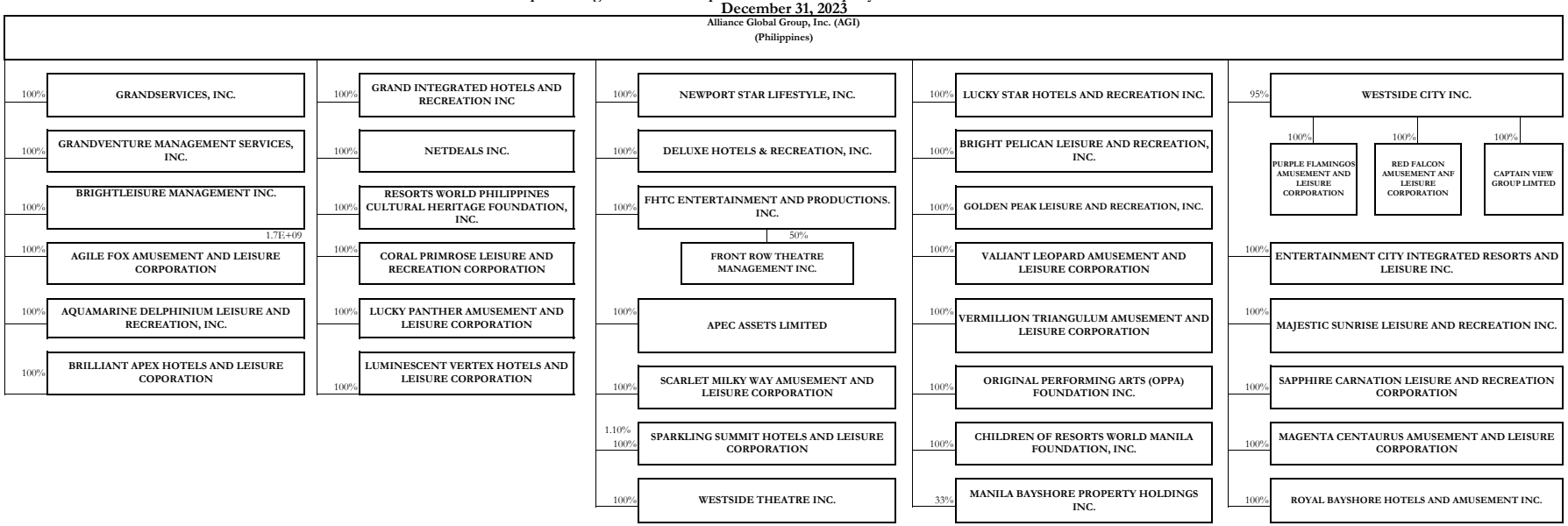
CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10076145, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-046-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 22, 2024

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
December 31, 2023



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
December 31, 2023



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
RECONCILIATION OF PARENT COMPANY RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2023
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings Available for Dividend Declaration, beginning	13,077,701,853
Net profit based on audited financial statements	1,697,445,905
Non-actual/unrealized income, net of tax	
Unrealized foreign exchange gain (not attributable to cash), net of tax	(57,605,107)
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, END	**P 14,717,542,651**

Supplementary Information on Retained Earnings –
As of December 31, 2023, the Company's unappropriated retained earnings is in excess of paid-up capital. The Company's management is of the opinion that the build-up of retained earnings is necessary for business operation and future declaration of dividends to its stockholders, which is subject to the approval of the Company's Board of Directors.

ANNEX "I-2"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	4	2	6	4	9

Company Name

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

10/F NEWPORT ENTERTAINMENT & COMMERCIAL CENTRE, NEWPORT BOULEVARD, NEWPORT CYBERTOURISM ECONOMIC ZONE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	9 0 8 8 0 0 0	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
209	Every 2nd 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
Laurence Hawke	laurence.hawke@newportworldresorts.com	632-908-8000	

Contact Person's Address

10/F Newport Entertainment Commercial Centre, Newport Boulevard, Newport City , Pasay

Note: In case of death, resgination 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.

Gmail

Travellers International Hotel Group Inc <travellersinternational.tax@gmail.com>

Your BIR AFS eSubmission uploads were received

3 messages

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 29, 2025 at 5:55 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058ITRTY122024.pdf
- EAFS246099058RPTTY122024.pdf
- EAFS246099058AFSTY122024.pdf

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- <None>

Transaction Code: **AFS-0-7D968GB904PZ1V113MXY3V4N203RZ4QT1R**
Submission Date/Time: **Apr 29, 2025 05:55 PM**
Company TIN: **246-099-058**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 29, 2025 at 6:10 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058ITRTY122024.pdf
- EAFS246099058RPTTY122024.pdf
- EAFS246099058TCRTY122024-03.pdf
- EAFS246099058TCRTY122024-01.pdf
- EAFS246099058TCRTY122024-02.pdf
- EAFS246099058OTHTY122024.pdf
- EAFS246099058AFSTY122024.pdf

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- <None>

Transaction Code: **AFS-0-BB7KAG8C0EF98LGN31RNZR402XWTYP3M**
Submission Date/Time: **Apr 29, 2025 06:10 PM**
[Quoted text hidden]

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 29, 2025 at 6:14 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058TCRTY122024-04.pdf
- EAFS246099058TCRTY122024-05.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-XSPVQV109LLB9KBDP1XYQ4YM06F6JBB9**
Submission Date/Time: **Apr 29, 2025 06:14 PM**
[Quoted text hidden]

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Travellers International Hotel Groups Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company'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.

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

KEVIN ANDREW L. TAN
Chairman of the Board

NILO THADDEUS P. RODRIGUEZ
President and Chief Executive Officer

LAURENCE JAMES HAWKE
Chief Financial Officer

Signed this 28th day of March 2025.

P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Travellers International Hotel Group, Inc.

December 31, 2024, 2023 and 2022

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

P&A
Grant Thornton

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Report of Independent Auditors

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc.
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Travellers International Hotel Group, Inc. (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended December 31, 2024, and notes to the financial statements, including material accounting information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Yusoph A. Maute
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10465908, January 2, 2025, Makati City
BIR AN 08-002551-046-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 7, 2025

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
A S S E T S			
CURRENT ASSETS			
Cash	5	**P 10,210,062,625**	P 10,415,948,214
Trade and other receivables - net	6	**1,974,230,690**	1,741,598,303
Advances to related parties - net	21	**19,907,922,230**	18,396,655,172
Inventories	7	**173,749,787**	153,779,891
Prepayments and other current assets	8	**4,408,845,937**	4,702,264,437
Total Current Assets		**36,674,811,269**	35,410,246,017
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	26	**315,800,000**	240,700,000
Advances to related parties - net	21	**1,022,535,000**	-
Investments in subsidiaries and an associate	9	**6,279,326,485**	5,738,776,485
Property and equipment - net	10	**74,925,338,425**	75,160,439,164
Investment property - net	11	**980,668,914**	1,043,414,421
Other non-current assets	12	**2,462,053,810**	2,257,464,006
Total Non-current Assets		**85,985,722,634**	84,440,794,076
TOTAL ASSETS		**P 122,660,533,903**	P 119,851,040,093
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**P 23,369,381,376**	P 25,090,533,330
Trade and other payables	14	**14,590,873,969**	19,138,519,073
Advances from related parties	21	**1,208,109,781**	2,655,723,856
Total Current Liabilities		**39,168,365,126**	46,884,776,259
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	**39,273,283,168**	27,947,019,929
Retirement benefit obligation - net	19	**836,541,558**	701,577,399
Other non-current liabilities	14	**3,585,769,167**	4,949,582,062
Total Non-current Liabilities		**43,695,593,893**	33,598,179,390
Total Liabilities		**82,863,959,019**	80,482,955,649
EQUITY	22		
Capital stock		**10,000,000,000**	10,000,000,000
Additional paid-in capital		**27,401,474,928**	27,401,474,928
Treasury shares		**(12,746,230,306)**	(12,746,230,306)
Revaluation reserves - net		**(41,690,075)**	(59,504,202)
Retained earnings		**15,183,020,337**	14,772,344,024
Total Equity		**39,796,574,884**	39,368,084,444
TOTAL LIABILITIES AND EQUITY		**P 122,660,533,903**	P 119,851,040,093

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
NET REVENUES				
Gaming	15	**P 31,978,911,813**	P 34,192,140,829	P 31,830,010,155
Less: Promotional allowances	15	**(8,588,669,377)**	(9,699,683,190)	(10,227,367,925)
		23,390,242,436	24,492,457,639	21,602,642,230
Non-gaming:				
Hotel, food, beverage and others	15	**4,499,837,605**	4,174,827,009	3,036,607,474
Other revenues - net	15, 17	**1,402,735,418**	1,281,900,839	995,721,152
		5,902,573,023	5,456,727,848	4,032,328,626
		29,292,815,459	29,949,185,487	25,634,970,856
DIRECT COSTS	16	**17,015,755,640**	16,758,956,159	14,280,689,816
GROSS PROFIT		**12,277,059,819**	13,190,229,328	11,354,281,040
OTHER OPERATING EXPENSES				
General and administrative expenses	16	**(8,087,492,804)**	(8,214,663,199)	(7,586,361,479)
Impairment on financial assets - net	6, 21, 25	**-**	-	(37,860,774)
		(8,087,492,804)	(8,214,663,199)	(7,624,222,253)
OPERATING PROFIT		**4,189,567,015**	4,975,566,129	3,730,058,787
OTHER INCOME (CHARGES) - Net	18	**(3,652,522,156)**	(3,237,989,707)	(2,648,497,286)
PROFIT BEFORE TAX		**537,044,859**	1,737,576,422	1,081,561,501
TAX EXPENSE	20	**(126,368,546)**	(40,130,517)	(12,870,958)
NET PROFIT		**410,676,313**	1,697,445,905	1,068,690,543
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	19	**(57,896,793)**	(177,165,748)	137,201,299
Net unrealized fair value gains on financial assets at fair value through other comprehensive income	22, 26	**75,710,920**	74,000,000	17,100,000
		17,814,127	(103,165,748)	154,301,299
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 428,490,440**	P 1,594,280,157	P 1,222,991,842
Earning per share – Basic and diluted	28	**P 0.023**	P 0.108	P 0.070

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Capital Stock (see Note 22)	Additional Paid-in Capital (see Note 22)	Treasury Shares (see Note 22)	Revaluation Reserves (see Note 22)	Retained Earnings (see Note 22)	Total
Balance at January 1, 2024	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 59,504,202)	P 14,772,344,024	P 39,368,084,444
Total comprehensive income for the year	-	-	-	17,814,127	410,676,313	428,490,440
Balance at December 31, 2024	**P 10,000,000,000**	**P 27,401,474,928**	**(P 12,746,230,306)**	**(P 41,690,075)**	**P 15,183,020,337**	**P 39,796,574,884**
Balance at January 1, 2023	P 10,000,000,000	P 24,909,315,997	(P 14,171,643,658)	P 43,661,546	P 13,074,898,119	P 33,856,232,004
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income (loss) for the year	-	-	-	(103,165,748)	1,697,445,905	1,594,280,157
Balance at December 31, 2023	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 59,504,202)	P 14,772,344,024	P 39,368,084,444
Balance at January 1, 2022	P 10,000,000,000	P 22,417,157,066	(P 15,597,057,010)	(P 110,639,753)	P 12,006,207,576	P 28,715,667,879
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income for the year	-	-	-	154,301,299	1,068,690,543	1,222,991,842
Balance at December 31, 2022	P 10,000,000,000	P 24,909,315,997	(P 14,171,643,658)	P 43,661,546	P 13,074,898,119	P 33,856,232,004

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 537,044,859**	P 1,737,576,422	P 1,081,561,501
Adjustments for:				
Interest expense	18	**4,472,435,806**	3,116,424,481	2,667,976,551
Depreciation and amortization	16	**3,045,610,164**	2,491,755,094	3,252,482,758
Gain on transfer of land	10	**(613,090,830)**	-	-
Gain on reversal of liability	14	**(263,392,857)**	-	-
Unrealized foreign exchange - net		**236,963,392**	76,806,809	(88,744,217)
Interest income	18	**(166,209,662)**	(164,345,152)	(64,354,789)
Gain on sale of property and equipment - net	10, 17	**6,610,782**	77,657,384	-
Impairment loss on trade receivables	25	**-**	-	37,860,774
Operating profit before working capital changes		**7,255,971,654**	7,335,875,038	6,886,782,578
Decrease (increase) in trade and other receivables		**(232,632,387)**	31,235,851	(343,365,220)
Decrease (increase) in advances to related parties		**(1,511,267,058)**	355,883,247	47,700,008
Decrease (increase) in inventories		**(19,969,896)**	(38,186,393)	11,822,205
Decrease (increase) in prepayments and other current assets		**294,029,417**	(121,003,307)	110,489,929
Increase (decrease) in trade and other payables		**(4,672,773,462)**	(4,667,844,672)	11,056,329,535
Decrease in advances from related parties		**(1,447,614,075)**	(1,813,949,292)	(1,246,859,840)
Increase in retirement benefit obligation		**34,409,067**	15,382,081	9,979,952
Decrease in other non-current liabilities		**(1,363,548,698)**	(3,326,153,640)	(6,135,993,030)
Cash generated from (used in) operations		**(1,663,395,438)**	(2,228,761,087)	10,396,886,117
Cash paid for income taxes		**(126,368,546)**	(40,130,517)	(12,870,958)
Net Cash From (Used in) Operating Activities		**(1,789,763,984)**	(2,268,891,604)	10,384,015,159
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	10	**(3,004,802,822)**	(1,721,774,421)	(3,454,416,630)
Additional investment in subsidiaries	9	**(540,550,000)**	-	-
Advances made to suppliers		**(204,589,804)**	(385,373,165)	310,222,935
Interest received		**177,479,450**	164,358,068	55,779,175
Proceeds from disposal of property and equipment	10	**12,383,810**	25,751,972	69,760
Net Cash Used in Investing Activities		**(3,560,079,366)**	(1,917,037,546)	(3,088,344,760)
Balance Carried Forward		**(P 5,349,843,350)**	(P 4,185,929,150)	P 7,295,670,399

	Notes	2024	2023	2022
Balance Brought Forward		**(P 5,349,843,350)**	(P 4,185,929,150)	P 7,295,670,399
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of additional loans	13	**25,500,000,000**	12,500,000,000	9,182,500,000
Repayments of interest-bearing loans and borrowings	13	**(15,985,236,000)**	(11,267,594,203)	(13,255,975,438)
Interest paid		**(4,352,693,286)**	(3,924,906,776)	(3,236,740,029)
Payments of lease liabilities	10	**(719,977)**	(719,977)	(719,977)
Reissuance of treasury shares	22	-	3,917,572,283	3,917,572,283
Net Cash From (Used In) Financing Activities		**5,161,350,737**	1,224,351,327	(3,393,363,162)
EFFECTS OF EXCHANGE RATES CHANGES ON CASH		**(17,392,976)**	206,080,835	129,663,196
NET INCREASE (DECREASE) IN CASH		**(205,885,589)**	(2,755,496,988)	4,031,970,434
CASH AT BEGINNING OF YEAR		**10,415,948,214**	13,171,445,202	9,139,474,769
CASH AT END OF YEAR		**P 10,210,062,625**	P 10,415,948,214	P 13,171,445,202

Supplemental Information on Non-cash Investing and Financing Activities:

1) In 2024, the Company transferred a certain parcel of land with cost amounting to P0.4 billion to a related party under common ownership for a consideration amounting to P1.0 billion. The balance remains unpaid as of December 31, 2024 (see Notes 10 and 21).

2) The Company capitalized borrowing costs amounting to P171.4 million, P859.5 million and P790.8 million in 2024, 2023, and 2022, respectively, representing the actual borrowing costs incurred on loans obtained for the development of a portion of the Company's properties (see Note 10).

3) The Company recognized amortization of debt issuance costs amounting to P90.3 million, P59.7 million, and P61.3 million in 2024, 2023 and 2022, repectively (see Note 13).

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023, AND 2022
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Travellers International Hotel Group, Inc. (the Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Resorts World Manila started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc (DHRI). Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc (LSHRI). In 2020, Maxims ceased its operation and was temporarily converted as a dormitory to house essential employees of the Company. In 2021, Maxims was impaired, as management decided to cease the operations of such hotel and use of its brand. In 2022, the Company opened another hotel brand in Hotel Okura Manila. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008 (see Note 23.3).

The Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019, when it voluntarily delisted from the PSE (see Note 22.1).

As at December 31, 2024 and 2023, the Company holds direct ownership interests in the companies in the succeeding page that were established to engage in businesses related to the main business of the Company.

Name of Subsidiaries/Associate	Explanatory Notes	Percentage of Ownership 2024	2023
Subsidiaries:			
Agile Fox Amusement and Leisure Corporation (AFALC)	(a)	**100.0%**	100.0%
APEC Assets Limited (APEC)	(b)	**100.0%**	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	**100.0%**	100.0%
Bright Pelican Leisure and Recreation Inc. (BPLRI)	(a)	**100.0%**	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	**100.0%**	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	**100.0%**	100.0%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a)	**100.0%**	100.0%
DHRI	(a)	**100.0%**	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	**100.0%**	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	**100.0%**	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	**100.0%**	100.0%
Grand Integrated Hotels and Recreation (GIHRI)	(a)	**100.0%**	100.0%
Grandservices, Inc. (GSI)	(c)	**100.0%**	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	**100.0%**	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	**100.0%**	100.0%
LSHRI	(a)	**100.0%**	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	**100.0%**	100.0%
Magenta Centaurus Amusement and Leisure Corporation (MCALC)	(a)	**100.0%**	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	**100.0%**	100.0%
Manhattan Resorts, Inc. (MRI)	(a), (i)	**100.0%**	-
Netdeals, Inc. (NDI)	(e)	**100.0%**	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	**100.0%**	100.0%
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(c)	**100.0%**	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	**100.0%**	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	**100.0%**	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	**100.0%**	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	**100.0%**	100.0%
Westside Theatre, Inc. (WTI)	(d)	**100.0%**	100.0%
Westside City, Inc. (WCI) [formerly Westside City Resorts World, Inc.]	(g)	**95.0%**	95.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a), (j)	**51.0%**	100.0%
Associate –			
Manila Bayshore Properly Holdings, Inc. (MBPHI)	(h)	**32.6%**	32.6%

Explanatory Notes:

(a) Established to engage, operate and manage gaming enterprises, amusement and leisure activities, theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto.

(b) A foreign corporation envisioned to provide transportation and other related services to valued patrons of the Company.

(c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company.

(d) Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations.

(e) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.

(f) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers and traders.

(g) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI has three wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation (PFALC), Red Falcon Amusement and Leisure Corporation (RFALC) and Captain View Group Limited (Captain View). PFALC and RFALC have not yet started commercial operations as of December 31, 2023. In 2022, Westside City Resorts World, Inc. has changed its name to Westside City, Inc. upon a majority vote of board of directors and its stockholders.

(h) Established to engage in real estate business, particularly construction of condominium units and buildings.

(i) MRI is newly incorporated in 2024 with 500,000,000 issued shares which were fully subscribed by the Company.

(j) A third party acquired 49% interest over SCLRC in 2024 for a total consideration of P54.8 million, thereby, diluting the Company's ownership to 51%. The Company continues to hold control over SCLRC.

As at December 31, 2024 and 2023, NDI has ceased operations while all other subsidiaries have not yet started commercial operations, except for APEC, BLMI, DHRI, FHTC, GIHRI, GSI, GVMSI, LSHRI, MRI, RBHAI and SCLRC.

The subsidiaries and associate are all incorporated in the Philippines, except for APEC and Captain View, which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries and associate is within Metro Manila, Philippines.

As at December 31, 2024 and 2023, the following stakeholders have direct ownership interests in the Company's outstanding common shares:

Name of Stockholders	Explanatory Notes	Percentage of Ownership
Alliance Global Group, Inc. (AGI)	(a)	42.1%
Adams Properties, Inc.	(b)	19.6%
Star Cruises Philippines Holdings B.V.	(c)	15.7%
Asian Travellers Ltd.	(d)	9.9%
Premium Travellers Ltd.	(d)	5.8%
First Centro, Inc. (FCI)	(e)	3.9%
Megaworld Corporation (Megaworld)	(f)	1.6%
Other related parties		1.1%
Public ownership		0.3%

Explanatory Notes:

(a) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. It has control over the Company through its power over the operations and policy arising from its substantive rights and current ability to direct the relevant activities of the Company. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(b) A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(c) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.

(d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2024 (including the comparative financial statements as of December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Company's Board of Directors (BOD) on April 7, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS Accounting Standards

(a) Effective in 2024 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flows, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

Discussed below are the relevant information about these pronouncements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.* The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements.* The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback (Amendments to PFRS 16)* requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use assets it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective Subsequent to 2024 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

(ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 Separate Financial Statements and Investments in Subsidiaries and Associate

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS Accounting Standards.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

2.4 Financial Instruments

(a) Financial Assets

Classification of Financial Assets

The Company's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

(i) *Financial Assets at Amortized Cost*

The Company's financial assets at amortized cost include Cash, Trade and Other Receivables – Net, Advances to Related Parties – Net, Restricted short-term placements and Investments in time deposits under Prepayments and Other Current Assets and Refundable deposits and Receivable from employees under Other Non-current Assets – Net.

(ii) *Financial Assets at FVOCI*

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as at fair value through profit or loss. The Company has designated its proprietary club shares as at FVOCI on initial recognition.

Impairment of Financial Assets

The expected credit losses (ECL) for all trade and other receivables and other financial assets at amortized cost are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

Put Option Accounted for as a Financial Guarantee Contract

The put option meets the definition of financial guarantee contract, wherein it provides the holder of the instrument with protection against an adverse event (put option events).

The Company considers the related risk transferred on the financial guarantee as significant. Accordingly, it is accounted by the Company under PFRS 9. In measuring the put option under ECL model, the Company applies the general approach of ECL measurement, wherein the Company recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition.

(b) *Financial Liabilities*

Financial liabilities of the Company include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities, License fee payables, and Liability for unredeemed gaming points), Advances from Related Parties and Other Non-current Liabilities.

2.5 Derivative Financial Instruments

Gaming transactions of the Company with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Company takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Company to or collected from the patron when the outcome of the wager has been determined. See Note 2.9 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from outstanding or unwon slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the consolidated statements of financial position [see Note 2.4(b)].

2.6 Inventories

The cost of inventories is determined using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of operating and other supplies is the current replacement cost.

2.7 Property and Equipment

Except for land, property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	40 years
Gaming machines and other equipment	5 to 10 years
Transportation equipment	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years

2.8 Investment Property

Investment property, which pertains to a portion of building and building improvements held under operating leases, is accounted for under the cost model, whereby the asset is subsequently measured at cost less accumulated depreciation and impairment, if any.

Depreciation of investment property is computed on a straight-line basis over the asset's estimated useful life of 40 years.

2.9 Revenue and Expense Recognition

Revenue arises mainly from gaming transactions, hotel accommodations, food and beverage operations, and other incidental activities related to the main operations of the Company.

The Company participates in games of chance with customers, with both the Company and the customer having the chance to win or lose money or other items of economic value based on the outcome of the game. The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9. Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gaming revenues generated from table games and slot machines are determined from the net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers and, for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances). Promotional allowances, presented as a reduction of gaming revenues in the consolidated statement of comprehensive income, include rebates under the casino rebates program and the provision for the value of the gaming points earned by members (i.e., using a membership card provided by the Company) by reference to the relative fair values of the complimentary goods or services. Members earn points on gaming activity, and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions.

On the other hand, the Company also participates in games in which a customer has a chance to win or lose money or other items of economic value, with the Company receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game (i.e., certain tournaments, including card games, and bingo operations). These gaming-related activities are covered under PFRS 15, *Revenue from Contracts with Customers*.

The Company enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date i.e., generally when the customers have acknowledged the Company's right to invoice. The Company also assesses its revenue agreements against the specific criteria enumerated in the succeeding page in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

(a) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(b) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(c) *Bingo and tournament income* – Revenues from these gaming-related activities are recognized over time as the services for administering the games are rendered. The amount of revenue recognized is equivalent to the fee collected for administering the game.

(d) *Rendering of services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include income from other non-gaming and incidental activities such as cinema and production shows, parking space, commissions, and other services (see Note 17).

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred.

2.10 Leases – Company as a Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset 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 which is from 2 to 16 years.

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

2.11 Impairment of Non-financial Assets

The Company's investments in subsidiaries and an associate, advances for future investment, property and equipment (including right-of-use assets), investment property and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

2.12 Employee Benefits

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15

The Company exercises judgment in determining whether its gaming transactions and gaming-related activities are within the scope of PFRS 9 or PFRS 15. In making this judgment, management considers whether both the Company and the patrons have the chance to win or lose money or other items of economic value based on the outcome of the game; or, only the patron has the chance to win or lose money or other items of economic value, with the Company only receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game. When the Company takes a position against a patron, the resulting unsettled wager or position is a financial instrument that would likely meet the definition of derivative financial instrument and is accounted for under PFRS 9.

Relative to this, the management has determined that its gaming revenues from table games and slot machines are within the scope of PFRS 9 while gaming-related revenues from administering bingo and tournament games are within the scope of PFRS 15.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Food, Beverage and Others

In determining the appropriate method to use in recognizing the Company's revenues from food, beverage and other consumer goods, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e., generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only a very short passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(ii) Hotel Accommodations

The Company determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of hotel services as it performs.

(c) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. In determining the transaction price, the Company considers the effect of any sales incentives or discounts.

In the allocation of the transaction price, the Company considers the amount at which it would sell or purchase the promotional merchandise, hotel, food and beverage, and other incentives separately as the stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties [i.e., Value Added Tax (VAT)]

(d) Determination of ECL on Trade and Other Receivables, and Advances to Related Parties

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables, and advances to related parties are disclosed in Notes 24.2(b) and 24.2(c), respectively.

(e) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For the lease of land, the renewal option is subject to mutual agreement of the lessor and the lessor. This type of renewal option is not considered under PFRS 16, since the option does not create an enforceable rights and obligations for the Company. Thus, only the 25-year non-cancellable term were considered.

For lease of commercial space, the factors considered relevant are (a) if renewal option creates a rights and obligations to the Company that are enforceable, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Company did not consider the renewal option over the lease of commercial space, as the option to renew is exclusive on the lessor; hence, does not create enforceable rights and obligations to the Company.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(g) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(h) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Company that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements. Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 23.

(i) Determination of Significant Influence

Judgment is exercised in determining whether the Company has significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Company determined that it has significant influence in MBPHI; hence, the investee is treated as an associate (see Note 9).

(j) Determination of Accounting Treatment of Put Option

The Company determined that the put option contract entered by the Company meets the definition of financial guarantee under PFRS 4, *Insurance Contracts* (see Note 23.5). Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Company determined that the risk transferred to the Company is significant, hence, the put option should be accounted for under PFRS 9.

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 24.2(b) and (c).

Further, the measurement of the put option value under the ECL model requires the use of significant assumptions with regards to the possibility of any of the put option events from happening in the future and the possible change in the valuation of the collateral within the 12-month assessment. Explanation of the inputs and assumptions used are detailed in Note 23.5.

(b) Determination of Net Realizable Values of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Company's inventories, which include perishable goods and operating supplies, are affected by certain factors which may cause inventory losses.

Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of food and beverages and operating supplies. Both aspects are considered key sources of estimation uncertainty which may cause significant adjustments to the Company's inventories within the next reporting period.

In 2024, 2023 and 2022, no inventory write-down was recognized by the Company as management believes that the carrying value of inventories does not exceed its net realizable value (see Note 7).

(c) Estimation of Useful Lives of Property and Equipment, Right-of-use Assets and Investment Property

The Company estimates the useful lives of property and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment (including right-of-use assets) are presented in Note 10, while the investment property is presented in Note 11. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

In 2023, management reassessed the estimated useful life of the buildings in Site B that are treated as part of Property and equipment account and determined that the original estimated useful life needs to be revised from 30 to 40 years based on an independent structural engineering evaluation. Management applied such change as at January 1, 2023 based on the carrying amounts of the assets as at such date. Depreciation in 2023 would have been higher by P78.3 million if not for the change in estimated useful life (see Note 10.1). There was no similar change in estimated useful life of property and equipment, and investment property in 2024.

(d) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(e) Fair Value Measurement of Derivative Financial Instruments

Fair value measurement for gaming revenues under PFRS 9 represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less any promotional allowances and other similar adjustments.

(f) Impairment of Non-Financial Assets

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment loss recognized on the property and equipment is discussed in Note 10.1. There were no impairment losses recognized on the Company's investments in subsidiaries and an associate, right-of-use assets, investment property, and other non-financial assets based on management's evaluation in 2024, 2023 and 2022.

(g) Determination of Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 11 is determined by the Company based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 26.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of December 31, 2024 and 2023, the Company determined that there were no significant circumstances that may affect the fair value determination of investment property.

(h) Valuation of Retirement Benefit Obligation

The determination of the Company's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the retirement benefit obligation in the next reporting period. In accordance with PFRS Accounting Standards, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of retirement benefit obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 19.2.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying amount of net deferred tax assets and relevant disclosures as at December 31, 2024 and 2023 are presented in Note 20.1.

(j) Measurement of Gaming Points and Estimation of Liability for Unredeemed Gaming Points

The Company provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Company recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Company reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Company is presented as Liability for unredeemed gaming points under Trade and Other Payables account in the statements of financial position (see Note 14).

4. SEGMENT INFORMATION

4.1 Business Segments

In identifying its operating segments, management generally follows the Company's main's service license, which represents the main services provided by the Company. Such services are organized into two major business segments – casino and non-casino segments. These segments of the Company, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with other segment, are reviewed regularly by the Executive Committee (ExeCom), acting as the chief operating decision-makers of the Company. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Company in reporting its primary segment information.

(a) The Casino segment is engaged in casino operations. This segment includes the operation of Newport World Resorts.

(b) The Non-casino segment includes the operations of various brands of hotels (Marriott, Holiday Inn Express, Courtyard Iloilo, and Hotel Okura), leasing (Newport Entertainment Commercial Center and others), convention center (MGB), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the casino operations.

The Company has not identified any segment based on geographical location (see Note 4.4).

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. They include all operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories, property and equipment, and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables and interest-bearing loans and borrowings.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transactions are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2024, and 2023 and 2022 can be analyzed as follows:

(Amounts in PHP)	Casino			Non-Casino			Total		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
NET REVENUES									
Sales to external customers	**23,390,242,437**	24,492,457,639	21,602,642,230	**5,902,573,022**	5,456,727,848	4,032,328,626	**29,292,815,459**	29,949,185,487	25,634,970,856
Intersegment revenues	**-**	-	-	**364,318,942**	430,521,110	179,058,086	**364,318,942**	430,521,110	179,058,086
Segment revenues	**23,390,242,437**	24,492,457,639	21,602,642,230	**6,266,891,964**	5,887,248,958	4,211,386,712	**29,657,134,401**	30,379,706,597	25,814,028,942
COSTS AND OTHER OPERATING EXPENSES									
Cost of sales, services and expenses excluding depreciation	**17,106,009,789**	17,810,949,500	15,117,010,180	**5,174,408,190**	4,956,825,142	3,554,552,739	**22,280,417,979**	22,767,774,642	18,671,562,919
Depreciation	**636,616,950**	586,013,860	600,416,456	**2,408,993,214**	1,905,741,234	2,652,066,302	**3,045,610,164**	2,491,755,094	3,252,482,758
Other income – net	**-**	-	-	**(876,483,687)**	-	-	**(876,483,687)**	-	-
Finance costs (income) and other charges – net	**3,072,882**	2,562,804	(49,210,981)	**4,303,153,262**	2,949,516,525	2,678,574,659	**4,306,226,144**	2,952,079,329	2,629,363,678
Profit (loss) before tax	**5,644,542,816**	6,092,931,475	5,934,426,575	**(4,743,179,015)**	(3,924,833,943)	(4,673,806,988)	**901,363,801**	2,168,097,532	1,260,619,587
Tax expense	**-**	-	-	**126,368,546**	40,130,517	12,870,958	**126,368,546**	40,130,517	12,870,958
SEGMENT NET PROFIT (LOSS)	**5,644,542,816**	6,092,931,475	5,934,426,575	**(4,869,547,561)**	(3,964,964,460)	(4,686,677,946)	**774,995,255**	2,127,967,015	1,247,748,629
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**10,790,880,600**	11,102,288,447	12,274,086,694	**111,869,653,303**	108,748,751,646	110,114,894,256	**122,660,533,903**	119,851,040,093	122,388,980,950
Segment liabilities	**6,800,793,274**	10,285,356,292	15,206,867,946	**76,063,165,745**	70,197,599,357	73,325,881,000	**82,863,959,019**	80,482,955,649	88,532,748,946

Currently, the Company's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Company did not present any information related to geographical segments (see Note 4.1).

Revenues from any of the Company's major customers did not exceed 10% of the Company's revenues in all of the years presented.

4.5 Reconciliations

Presented below is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

(Amounts in PHP)	**2024**	2023	2022
Net revenues			
Total segment revenues	**29,657,134,401**	30,379,706,597	25,814,028,942
Elimination of intersegment revenues	**(364,318,942)**	(430,521,110)	(179,058,086)
Revenues as reported in profit or loss	**29,292,815,459**	29,949,185,487	25,634,970,856
Net profit or loss			
Segment net profit	**774,995,255**	2,127,967,015	1,247,748,629
Elimination of intersegment transactions	**(364,318,942)**	(430,521,110)	(179,058,086)
Net profit as reported			
Net carrying amount	**410,676,313**	1,697,445,905	1,068,690,543
Assets			
Segment assets	**122,660,533,903**	119,851,040,093	122,388,980,950
Total assets reported in the statements of financial position	**122,660,533,903**	119,851,040,093	122,388,980,950
Liabilities			
Segment liabilities	**82,863,959,019**	80,482,955,649	88,532,748,946
Total liabilities reported in the statements of financial position	**82,863,959,019**	80,482,955,649	88,532,748,946

5. CASH

Cash includes the following components as at December 31:

(Amounts in PHP)	**2024**	2023
Cash on hand	**7,369,787,371**	8,880,877,097
Cash in banks	**2,840,275,254**	1,535,071,117
	10,210,062,625	10,415,948,214

Cash in banks generally earn interest based on daily bank deposit rates.

The balance of Cash does not include Restricted short-term placements and Investments in time deposits, which are included as part of Prepayments and Other Current Assets account in the statements of financial position (see Note 8).

Interest income from Cash, Restricted short-term placements and Investments in time deposits for the years ended December 31, 2024, 2023 and 2022 is presented as Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

6. TRADE AND OTHER RECEIVABLES – Net

This account is composed of the following:

(Amounts in PHP)	Notes	**2024**	2023
Trade receivables		**2,037,331,889**	1,796,356,056
Interest receivables		**1,463,149**	9,806,639
Others	21.4	**75,074,830**	75,074,786
		2,113,869,868	1,881,237,481
Allowance for impairment	24.2(b)	**(139,639,178)**	(139,639,178)
		1,974,230,690	1,741,598,303

All trade receivables do not earn interest and are subject to credit risk exposure.

Other receivables include certain non-trade receivables and receivables arising from availments of employees of certain condominium units and parking slots in accordance with the Company's employee housing program (see Note 21.4). The non-current portion of such receivables amounting to P87.8 million and P100.3 million as of December 31, 2024 and 2023 is presented as Receivables from employees under Other Non-current Assets account in the statements of financial position (see Note 12).

In previous years, certain trade receivables were found to be impaired using the provision matrix as determined by management; hence, an adequate amount of allowance for impairment has been recognized [see Note 24.2(b)]. In 2022, impairment loss amounting to P30.2 million was recognized and presented as part of Miscellaneous under Other Operating Expenses in the 2022 statement of comprehensive income (see Note 16).

In 2024 and 2023, management assessed that no additional impairment needs to be recognized.

7. INVENTORIES

Inventories as at the end of 2024 and 2023 are stated at cost, which is lower than net realizable value. The details of inventories are shown below.

(Amounts in PHP)	**2024**	2023
Operating supplies	**119,727,579**	93,953,360
Food and beverage	**49,693,692**	53,653,293
Others	**4,328,516**	6,173,238
	173,749,787	153,779,891

Inventories include membership program items representing supplies and other inventory items of the Company's loyalty and membership program. Operating supplies consists of cards, dice and seals, engineering and other supplies used in the operations of the Company. Inventories used in operations are recognized as part of Direct Costs in the statements of comprehensive income (see Note 16).

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

(Amounts in PHP)	Notes	**2024**	2023
Restricted short-term placements	5, 23.3(c)	**2,633,667,852**	2,621,279,159
Input VAT - net		**1,046,635,716**	1,270,918,966
Prepayments		**728,542,369**	683,677,510
Investments in time deposits	5	**-**	126,388,802
		4,408,845,937	4,702,264,437

Restricted short-term placements [see Note 23.3(c)] are made for varying periods ranging from 30 to 90 days in 2024 and 2023 and earn effective interests of 4.4% to 5.1%, 1.4% to 4.4%, and 0.3% to 1.4% per annum in 2024, 2023, and 2022, respectively (see Note 18).

Prepayments include prepaid taxes, insurance and rentals, which are expected to be realized in the next reporting period.

The investments in time deposits matured in 2024; no similar assets were held by the Company as of December 31, 2024. Investments in time deposits were placed for a period of 360 days, earning effective interest rates of 0.05%, 0.6%, and 0.7% in 2024, 2023, and 2022, respectively (see Note 18).

9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of the carrying values of investments in subsidiaries and an associate as of December 31, 2024 and 2023 (see Note 1) are shown below. These investments are accounted for under the cost method in these separate financial statements of the Company.

(Amounts in PHP)	**2024**	2023
Subsidiaries:		
WCI	**4,037,500,000**	4,037,500,000
MRI	**500,000,000**	-
SCLRC	**40,800,000**	250,000
BLMI	**10,000,000**	10,000,000
GSI	**10,000,000**	10,000,000
GVMSI	**10,000,000**	10,000,000
NDI	**10,000,000**	10,000,000
NSLI	**10,000,000**	10,000,000
DHRI	**5,000,000**	5,000,000
LSHRI	**5,000,000**	5,000,000
GIHRI	**4,000,000**	4,000,000
APEC	**2,450,550**	2,450,550
WTI	**2,000,000**	2,000,000
ADLRC	**250,000**	250,000
AFALC	**250,000**	250,000
BAHLC	**250,000**	250,000
BPLRI	**250,000**	250,000
CPLRC	**250,000**	250,000
ECIRLI	**250,000**	250,000
FHTC	**250,000**	250,000
GPLRI	**250,000**	250,000
LPALC	**250,000**	250,000
LVHLC	**250,000**	250,000
MCALC	**250,000**	250,000
MSLRI	**250,000**	250,000
RBHAI	**250,000**	250,000
SMWALC	**250,000**	250,000
SSHLC	**250,000**	250,000
VLALC	**250,000**	250,000
VTALC	**250,000**	250,000
	4,651,000,550	4,110,450,550
Associate –		
MBPHI	**1,628,325,935**	1,628,325,935
	6,279,326,485	5,738,776,485

The financial information of MBPHI, which is considered a significant associate, is shown below. MBPHI has no significant other comprehensive income or loss for the applicable periods.

(Amounts in PHP)	**2024**	2023
Current assets	**22,790,713,599**	21,064,534,374
Non-current assets	**1,144,208,411**	1,795,986,214
Total assets	**23,934,922,010**	22,860,520,588
Current liabilities	**9,168,990,964**	8,122,965,525
Non-current liabilities	**2,803,156,834**	4,169,846,245
Total liabilities	**11,972,147,798**	12,292,811,770
Revenue	**5,323,839,655**	5,176,390,657
Net profit	**1,397,370,027**	779,022,671

There are no significant risks, commitments, or contingencies related to the Company's interest in associate during the reporting periods.

10. PROPERTY AND EQUIPMENT – Net

The carrying amounts and accumulated depreciation of property and equipment as at December 31 are shown below.

(Amounts in PHP)	Note	**2024**	2023
Property and equipment	10.1	**74,917,253,556**	75,151,541,177
Right-of-use assets	10.2	**8,084,869**	8,897,987
		74,925,338,425	75,160,439,164

10.1 Carrying Values of Property and Equipment

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2024 and 2023 are shown below.

(Amounts in PHP)	Land	Building And Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures, and Equipment	Construction in Progress	Total
December 31, 2024							
Cost	6,618,295,251	78,413,293,068	8,632,258,191	232,024,925	8,339,884,537	3,482,466,973	105,718,222,945
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(15,666,921,382)	(6,248,551,009)	(210,854,657)	(6,571,275,790)	-	(28,697,602,838)
Net carrying amount	**6,618,295,251**	**60,643,005,135**	**2,383,707,182**	**21,170,268**	**1,768,608,747**	**3,482,466,973**	**74,917,253,556**
December 31, 2023							
Cost	7,027,739,421	77,168,277,602	7,612,453,404	237,249,184	7,213,898,801	3,809,326,651	103,068,945,063
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(13,844,739,828)	(5,640,444,596)	(231,722,939)	(6,097,129,972)	-	(25,814,037,335)
Net carrying amount	7,027,739,421	61,220,171,223	1,972,008,808	5,526,245	1,116,768,829	3,809,326,651	75,151,541,177
January 1, 2023							
Cost	7,027,739,421	61,965,678,614	7,012,704,697	228,156,181	6,686,632,594	17,809,348,643	100,730,260,150
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(12,426,644,641)	(5,176,909,531)	(226,660,601)	(5,694,808,640)	-	(23,525,023,413)
Net carrying amount	7,027,739,421	47,435,667,422	1,835,795,166	1,495,580	991,823,954	17,809,348,643	75,101,870,186

A reconciliation of the carrying amounts at the beginning and end of 2024, 2023, and 2022 of property and equipment is shown below.

(Amounts in PHP)	Land	Building And Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures, and Equipment	Construction in Progress	Total
Balance at January 1, 2024, net of accumulated depreciation	7,027,739,421	61,220,171,223	1,972,008,808	5,526,245	1,116,768,829	3,809,326,651	75,151,541,177
Additions	-	30,321,127	1,020,931,386	21,252,527	1,169,468,526	934,229,114	3,176,202,680
Reclassifications	-	1,219,015,419	-	-	42,073,373	(1,261,088,792)	-
Disposals	(409,444,170)	(240,300)	-	-	(18,754,292)	-	(428,438,762)
Depreciation charges for the year	-	(1,826,262,334)	(609,233,012)	(5,608,504)	(540,947,689)	-	(2,982,051,539)
Balance at December 31, 2024 net of accumulated depreciation	**6,618,295,251**	**60,643,005,135**	**2,383,707,182**	**21,170,268**	**1,768,608,747**	**3,482,466,973**	**74,917,253,556**
Balance at January 1, 2023, net of accumulated depreciation	7,027,739,421	47,435,667,422	1,835,795,166	1,495,580	991,823,954	17,809,348,643	75,101,870,186
Additions	-	264,942,806	687,716,705	10,752,951	546,892,856	1,070,971,497	2,581,276,815
Reclassifications	-	15,070,993,489	-	-	-	(15,070,993,489)	-
Disposals	-	(80,004,835)	(19,801,557)	-	(3,602,963)	-	(103,409,355)
Depreciation charges for the year	-	(1,471,427,659)	(531,701,506)	(6,722,286)	(418,345,018)	-	(2,428,196,469)
Balance at December 31, 2023 net of accumulated depreciation	7,027,739,421	61,220,171,223	1,972,008,808	5,526,245	1,116,768,829	3,809,326,651	75,151,541,177
Balance at January 1, 2022, net of accumulated depreciation	7,027,739,421	28,396,131,246	2,274,868,214	32,497,161	1,127,214,780	35,187,208,914	74,045,659,736
Additions	-	-	-	-	-	4,245,204,343	4,245,204,343
Reclassifications	-	21,203,310,835	117,834,547	847,322	301,071,910	(21,623,064,614)	-
Disposals	-	-	-	-	(69,760)	-	(69,760)
Depreciation charges for the year	-	(2,163,774,659)	(556,907,595)	(31,848,903)	(436,392,976)	-	(3,188,924,133)
Balance at December 31, 2022 net of accumulated depreciation	7,027,739,421	47,435,667,422	1,835,795,166	1,495,580	991,823,954	17,809,348,643	75,101,870,186

Construction in progress (CIP) pertains to the accumulated costs incurred on the casino and hotel sites being constructed as part of the Company's investment commitments in accordance with its Provisional License Agreement with PAGCOR [see Note 23.3(c)].

In 2024, the Company transferred a parcel of land within its Newport City property to a related party under common ownership for a total consideration of P1.0 billion. A gain on disposal amounting to P613.1 million was recognized from such transfer which is presented as part of Others under Other Income (Charges) – Net in the 2024 statement of comprehensive income (see Note 18). The Parent Company's outstanding receivable relating to this transaction is presented as Advances to Related Parties – Net (see Note 21.5) in the non-current asset section of the 2024 statement of financial position.

The Company also sold certain property and equipment to third parties for a total consideration of P12.4 million, P25.8 million, P0.1 million in 2024, 2023, and 2022, respectively. In 2024 and 2023, a loss on disposal was recognized amounting to P6.6 million and P77.7 million (nil in 2022), which is presented as part of Miscellaneous under General and Administrative Expenses in the statements of comprehensive income (see Note 18). There was no outstanding receivable related to these transactions as of December 31, 2024 and 2023.

In 2024 and 2023, the Company reclassified a portion of its CIP to buildings, gaming machine and furniture and fixtures amounting to P1.3 billion and P15.1 billion, respectively, representing properties which are already completed.

Total property and equipment includes capitalized borrowing costs amounting to P171.4 million in 2024, P859.5 million in 2023 and P790.8 million in 2022 representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 13). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 3.3% to 9.2%, 4.7% to 9.2% and 4.2% to 9.2% in 2024, 2023 and 2022, respectively.

In prior years, management assessed that certain property and equipment was below its recoverable value. Property and equipment related to Maxims Hotel was impaired as the management decided that the hotel and its brand will no longer be used by the Company. Further, those related to Courtyard by Marriott Hotel Iloilo was impaired as there has been no improvement in its operations in those years. Management determined that no further impairment loss needs to be recognized in relation to the Company's property and equipment.

In 2023, management reassessed the estimated useful life of the buildings in Site B and determined that the original estimated useful life of the assets needs to be updated from 30 to 40 years based on an independent structural engineering evaluation [see Note 3.2(c)]. No change in estimated useful life of property and equipment was made in 2024.

The amount of depreciation and amortization is allocated as follows (see Note 16):

(Amounts in PHP)	**2024**	2023	2022
Direct costs	**2,307,044,184**	1,869,577,216	2,375,881,847
General and administrative expenses	**675,007,355**	558,619,253	813,042,286
	2,982,051,539	2,428,196,469	3,188,924,133

None of the Company's property and equipment are used as collateral for its interest-bearing loans and borrowings.

10.2 Right-of-use Assets and Lease Liabilities

The Company has leases covering gaming equipment and a parcel of land with remaining terms of 11 years as at December 31, 2024.

The carrying amount of the Company's right-of-use assets as at December 31, 2024 and 2023, and the movement during the years is shown below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**8,897,987**	9,711,105
Amortization	**(813,118)**	(813,118)
Balance at end of year	**8,084,869**	8,897,987

The amortization amounting to P0.8 million in 2024, 2023, and 2022 is presented as part of Depreciation and amortization under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

As at December 31, 2024 and 2023, the outstanding lease liabilities are as follows:

(Amounts in PHP)	**2024**	2023
Current	**308,687**	283,391
Non-current	**4,354,805**	4,663,492
	4,663,492	4,946,883

The current portion of the lease liabilities are presented in Trade and Other Payables account, while the non-current portion is presented under Other Non-current Liabilities account in the statements of financial position (see Note 14).

The maturity analysis of undiscounted lease liabilities at December 31, 2024 and 2023 are as follows:

(Amounts in PHP)	**2024**	2023
Within 1 year	**719,977**	719,977
1 to 2 years	**719,977**	719,977
2 to 3 years	**719,977**	719,977
3 to 4 years	**719,977**	719,977
4 to 5 years	**719,977**	719,977
5 to 10 years	**3,599,887**	3,599,887
More than 10 years	**709,980**	1,429,958
	7,909,752	8,629,730

The movements in the lease liabilities recognized in the statements of financial position are as follows:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**4,946,883**	5,207,051
Repayment of lease liabilities	**(719,977)**	(719,977)
Interest expense	**436,586**	459,809
Balance at end of year	**4,663,492**	4,946,883

The total interest expense incurred on the lease liabilities amounting to P0.5 million in 2024, 2023, and 2022 and is presented as part of Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The Company has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases and low-value assets are presented as Rentals under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

11. INVESTMENT PROPERTY – Net

The Company's investment property mainly consists of buildings and building improvements primarily held to earn rentals under operating leases. Rental income amounting to P669.8 million, P527.2 million, and P436.8 million in 2024, 2023 and 2022, respectively, are presented as part of Rentals under Other Revenues – Net account in the statements of comprehensive income (see Note 17). Direct costs incurred, generally pertaining to depreciation charges, amounting to P62.7 million each in 2024, 2023 and 2022, are presented as part of Depreciation and amortization under Direct Costs in the statements of comprehensive income (see Note 16).

The net carrying amounts of investment property as at the beginning and end of 2024 and 2023 are shown below.

(Amounts in PHP)	**December 31, 2024**	December 31, 2023	January 1, 2023
Cost	**1,892,772,408**	1,892,772,408	1,892,772,408
Accumulated depreciation	**(912,103,494)**	(849,357,987)	(786,612,480)
	980,668,914	1,043,414,421	1,106,159,928

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of investment property is shown below.

(Amounts in PHP)	Note	**2024**	2023	2022
Balance at January 1, net of accumulated depreciation		**1,043,414,421**	1,106,159,928	1,168,905,435
Depreciation charges for the year	16	**(62,745,507)**	(62,745,507)	(62,745,507)
Balance at December 31, net of accumulated depreciation		**980,668,914**	1,043,414,421	1,106,159,928

In the latest appraisal report, the Company's investment property, which is part of the Newport City Project (Site B), has an aggregate fair market value of P2.1 billion as of December 31, 2024. Fair value is determined using the income capitalization approach, which uses a financial modeling technique based on explicit assumptions regarding the prospective cash flows from the properties. Under this method, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the properties.

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 26.4.

12. OTHER NON-CURRENT ASSETS – Net

The composition of this account is shown below.

(Amounts in PHP)	Notes	**2024**	2023
Advances to suppliers		**2,056,061,524**	1,837,609,213
Receivable from employees	6, 21.4	**87,834,285**	100,269,149
Refundable deposits		**96,380,056**	96,380,053
Miscellaneous	21.4	**221,777,945**	223,205,591
		2,462,053,810	2,257,464,006

Advances to suppliers pertain to mobilization funds provided to the Company's suppliers for use primarily in the construction of the Company's buildings and building improvements and are reduced proportionately upon receipt of progress billings from the said suppliers.

Refundable deposits are financial assets that are perpetual in nature. The carrying amounts of these financial assets are reasonable estimation of their respective fair values.

Miscellaneous non-current assets include original advance payment made by the Company to a related party under common ownership for the purchase of certain condominium units and parking lots to be used by in-house entertainers and for employee housing program. There were new availments of condominium units which amounted to P13.4 million P14.7 million in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the cost of the remaining units amounted to P206.1 million and P214.4 million, respectively. The Company transferred 11 units to certain third parties in 2024, whereas no transfer of title has been made in 2023 (see Note 21.4). The remainder of miscellaneous non-current assets pertains to certain non-financial deposits which will be realized beyond 12 months from the end of the reporting periods.

13. INTEREST-BEARING LOANS AND BORROWINGS

The composition of the Company's outstanding loans is shown below.

(Amounts in PHP)	**2024**	2023
Current	**23,369,381,376**	25,090,533,330
Non-current	**39,273,283,168**	27,947,019,929
	62,642,664,544	53,037,553,259

The outstanding principal balance and other relevant details of the Company's outstanding loans, including explanatory notes are as presented below and in the succeeding pages:

(Amounts in PHP)

Principal	Interest Rate	Nature	Term	Notes
2024:				
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
0.7 billion	Fixed at 8.0%	Unsecured	7 years	(a)
1.4 billion	Fixed at 8.6% for two years and at 9.0% in the next five years	Unsecured	7 years	(a)
6.0 billion	Fixed at 4.9%	Unsecured	7 years	(a)
10.0 billion	Fixed at 7.4%	Secured	7 years	(a)
5.0 billion	Fixed at 7.3%	Unsecured	90 days	(b)
5.5 billion	Fixed at 7.3%	Unsecured	7 years	(b)
13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
1.7 billion	Fixed at 3.4%	Unsecured	360 days	(c)
2.8 billion	Fixed at 7.6%	Unsecured	7 years	(c)
5.0 billion	Fixed at 8.7%	Unsecured	5 years	(c)
3.5 billion	Fixed at 8.0%	Unsecured	5 years	(d)
2.5 billion	Floating rate subject to repricing	Unsecured	360 days	(e)

(Amounts in PHP)

Principal	Interest Rate	Nature	Term	Notes
2023:				
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
3.5 billion	Fixed at 8.0%	Unsecured	7 years	(a)
3.0 billion	Fixed at 8.6% for two years and at 9.0% in the next five years	Unsecured	7 years	(a)
6.8 billion	Fixed at 4.9%	Unsecured	7 years	(a)
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(b)
0.8 billion	Fixed at 6.2%	Unsecured	7 years	(b)
13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
2.0 billion	Floating rate subject to repricing	Unsecured	360 days	(c)
0.7 billion	Fixed at 7.6%	Unsecured	7 years	(c)
4.5 billion	Fixed at 8.0%	Unsecured	90 days	(c)
4.4 billion	Fixed at 8.0%	Unsecured	5 years	(d)
4.0 billion	Floating rate subject to repricing	Unsecured	360 days	(e)

a) In prior years, a local bank approved a credit line which grants the Company to borrow P33.5 billion. Total drawdowns made in prior years, which included loans converted into long-term loan, totaled to P31.0 billion. In 2021, the Company rolled the short-term loans to another term amounting to P2.2 billion. Outstanding loans as of December 31, 2024 and 2023 amounted to P8.2 billion and P13.3 billion, respectively.

In 2023, the Company settled the rolled P0.5 billion short-term loan and availed an omnibus loan from the same bank amounting to P5.0 billion which shall mature in 2024.

In 2024, the Company obtained another long-term loan from the same bank amounting to P10.0 billion which is scheduled to be repaid in 2031.

b) In 2016, the Company entered into a credit line agreement with a maximum loanable amount of P7.0 billion from a local bank. The Company fully utilized the said credit line in 2017. The loans drawn remained outstanding amounting to P0.8 billion as of December 31, 2023. In 2024, the Company settled the remaining outstanding loan.

In 2022, the Company availed another long-term facility with the bank amounting to P13.5 billion. In 2024, the Company availed additional P5.5 billion long term loans with the same bank. The outstanding loans related to these facilities amounted to P19.0 billion and P13.5 billion in December 31, 2024 and 2023, respectively.

The Company obtained other various short-term loans in 2024 and 2023 amounting to P5.0 billion and P15.5 billion, respectively; of which P5.0 billion is outstanding as of December 31, 2024 and 2023, respectively.

c) In 2017, the Company entered into various credit line agreements with a total maximum loanable amount of P10.0 billion from a local bank.

In 2021, the Company availed another long-term facility with the bank amounting to P5.0 billion. Total unutilized credit line amounted to P0.3 billion as of December 31, 2024 and 2023.

The outstanding loans related to these facilities amounted to P2.8 billion and P5.2 billion as of December 31, 2024 and 2023, respectively.

In 2024, the Company obtained another long term loan amounting to P5.0 billion, all of which are outstanding as of December 31, 2024.

Further, the Company obtained and settled other various short-term loans in 2024 and 2023. Total outstanding short-term loans amounted to P1.7 billion and P2.0 billion as of December 31, 2024 and 2023, respectively.

d) In 2018, the Company obtained a credit line of P5.0 billion from a local bank. The Company loaned P4.0 billion long term loan from such facility in 2018, which were settled as of 2022.

In 2019, the Company also obtained an omnibus loan from the same bank amounting to P1.0 billion, thus fully utilizing the credit line. The loan amounting to P1.3 billion remained outstanding as of December 31, 2022. The said loan was settled during 2023.

In 2022, the Company availed another long-term facility from the bank amounting to P5.0 billion. The loans remained outstanding amounting to P3.5 billion and P4.4 billion as of December 31, 2024 and 2023, respectively. The Company also availed short-term loans which were subsequently settled in the same year.

e) The Company obtained various short-term loans in December 31, 2024 and 2023 totaling to P2.5 billion and P4.0 billion, respectively, which remain outstanding as of December 31, 2024 and 2023.

The outstanding loans as of December 31, 2024 and 2023, net of related discounts, are presented as Interest-bearing Loans and Borrowings in the statements of financial position. There are no assets used and/or required as collaterals as of December 31, 2024 and 2023 for the Company's interest-bearing loans and borrowings (see Note 10).

The Company is required to maintain certain financial ratios such as debt service coverage, debt-to-equity and current ratios. In 2024 and 2023, the Company was not able to meet certain financial covenants of the loans such as debt service coverage ratio. The Company, however, was able to secure debt covenant waivers as certified by the banks before December 31, 2024 and 2023, respectively.

Certain portion of finance costs attributable to these loans amounting to P4,246.0 million, P2,754.1 million and P2,462.2 million in 2024, 2023 and 2022, respectively, are presented as part of Interest expense under the Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The portion of finance costs for both 2024 and 2023 that were capitalized is included as part of additions to CIP under Property and Equipment – Net account in the statements of financial position (see Note 10.1). Unpaid interests as at December 31, 2024 and 2023 are presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 14).

The changes in the Interest-bearing Loans and Borrowings account are shown below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**53,037,553,259**	51,745,403,428
Cash flows from financing activities:		
Additional borrowings	**25,500,000,000**	12,500,000,000
Repayment of borrowings	**(15,985,236,000)**	(11,267,594,203)
Non-cash financing activity –		
Amortization of debt issuance costs	**90,347,284**	59,744,034
Balance at end of year	**62,642,664,543**	53,037,553,259

14. TRADE AND OTHER PAYABLES, AND OTHER NON-CURRENT LIABILITIES

This account consists of:

(Amounts in PHP)	Notes	**2024**	2023
Trade and other payables:			
Trade payables	21.2	**6,686,548,286**	10,021,144,916
Accrued expenses:			
Advertising		**1,352,266,425**	1,562,225,196
Interest	13	**1,017,411,401**	769,383,106
Casino operating expenses		**644,971,159**	798,507,419
Contract services		**622,151,835**	1,025,304,528
Repairs and maintenance		**480,360,155**	522,957,580
Management fees	21.3, 21.6, 23.2	**233,683,622**	294,326,487
Employee benefits	21.6	**231,677,722**	806,598,889
Utilities		**196,126,390**	157,739,567
Rental		**166,344,462**	429,737,319
Donation	23.3(d)	**21,765,546**	25,336,837
Others		**205,695,413**	238,796,628
License fee payables	20.2	**799,480,373**	906,415,785
Slot jackpot liability	26.2(b)	**772,287,098**	582,308,901
Liability for unredeemed gaming points		**164,272,073**	254,621,375
Withholding taxes		**63,874,747**	127,992,465
Lease liabilities	10.2	**308,305**	283,391
Miscellaneous		**931,648,957**	614,838,684
		14,590,873,969	19,138,519,073

(Amounts in PHP)	Notes	**2024**	2023
Other non-current liabilities:			
Non-trade payable to a related party	21.8	**3,056,180,769**	3,056,180,769
Security and miscellaneous deposits		**304,099,359**	312,892,451
Retention payable		**221,134,234**	325,845,350
Lease liabilities	10.2	**4,354,805**	4,663,492
Long-term deposits from patrons		**-**	1,250,000,000
		3,585,769,167	4,949,582,062

Trade payables include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips in custody or under the Company's control, casino deposit certificates from patrons, and other gaming related liabilities.

Employee benefits under Accrued expenses include the current portion of the Company's obligations to its current and former employees that is expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrued salaries and other employee benefits at the end of the reporting period. Other accrued expenses include accruals for local and overseas travel, training and recruitment, dues and subscription, flight operations and other incidental casino and hotel operating expenses.

The liability for unredeemed gaming points represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Company.

Miscellaneous payables include other non-trade obligations under the ordinary course of business, and government-related liabilities.

Long-term deposits from patrons relate to cash deposited by patron groups as part of the Company's loyalty program. These deposits are expected to be reclaimed by the patrons beyond 12 months from year-end.

Non-trade payable to a related party under common ownership pertains to the outstanding payable arising from the Courtyard Iloilo transaction (see Note 21.8).

Retention payables represent portions of progress billings received from contractors for the construction work performed which is retained by the Company to bind contractors in completing the agreed tasks. After the settlement of the applicable retention payables due during the reporting periods, the remainder is payable to the contractors for at least 12 months from the completion date of the construction or developments.

Security and miscellaneous deposits are perpetual in nature. Hence, the carrying amounts of these financial liabilities are reasonable estimation of their respective fair values.

In 2024, accrued rentals from prior years amounting to P263.4 million were reversed as management deemed that such balance will no longer be collected by the counterparty. The related gain on reversal of liabilities is presented as part of Other Income (Charges) – Net in the 2024 statement of comprehensive income (see Note 18). There was no similar transaction in 2023 and 2022.

15. REVENUES

When the Company's ExeCom evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.4.

The Company determines that the categories used in the financial reports used by the Company can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and others category that is satisfied at point in time).

A summary of additional disaggregation from the segment revenues, particularly on non-gaming revenues, is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Gaming –	2.9	**31,978,911,813**	34,192,140,829	31,830,010,155
Less: Promotional allowances		**(8,588,669,377)**	(9,699,683,190)	(10,227,367,925)
		23,390,242,436	24,492,457,639	21,602,642,230
Non-gaming:				
Hotel accommodations	2.9	**2,201,236,511**	1,935,769,422	1,481,026,423
Food, beverage and others	2.9	**2,298,601,094**	2,239,057,587	1,555,581,051
Other revenues – net	2.9			
	2.9, 17	**1,402,735,418**	1,281,900,839	995,721,152
		5,902,573,023	5,456,727,848	4,032,328,626
		29,292,815,459	29,949,185,487	25,634,970,856

16. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature in 2024 are shown below.

(Amounts in PHP)	Notes	**Direct Costs**	**General and Administrative Expenses**	**Total**
Gaming license fees	20.2	6,643,263,261	-	6,643,263,261
Salaries, wages and employee benefits	19.1, 21.6	2,983,050,907	892,130,635	3,875,181,542
Depreciation and amortization	10, 11	2,369,789,691	675,820,473	3,045,610,164
General marketing		-	3,023,134,323	3,023,134,323
Outside services	21.2(a)	1,683,120,168	-	1,683,120,168
Casino operating expenses	21.1(c)	1,311,040,089	-	1,311,040,089
Food and beverage		1,300,128,628	-	1,300,128,628
Utilities and communication		-	947,813,799	947,813,799
Repairs and maintenance		-	493,743,466	493,743,466
Supplies		411,276,176	-	411,276,176
Transportation and travel		-	291,913,210	291,913,210
Taxes and licenses		-	266,459,397	266,459,397
Donations and contributions	23.3(d)	-	263,069,250	263,069,250
Management fees	21.3, 23.2	-	196,593,968	196,593,968
Commission		-	123,772,875	123,772,875
Security		-	123,514,945	123,514,945
Rentals	10.2	19,654,318	94,319,069	113,973,387
Dues and subscriptions		-	110,651,384	110,651,384
Professional services		-	95,285,651	95,285,651
Entertainment, amusement and recreation		75,955,821	-	75,955,821
Flight operations		63,368,214	-	63,368,214
Miscellaneous	10.1	155,108,367	489,270,359	644,378,726
		17,015,755,640	**8,087,492,804**	**25,103,248,444**

Miscellaneous under General and Administrative Expenses account in 2024, 2023 and 2022 include, among others, penalties, freight and handling charges, representation, insurance, credit and collection charges, and other incidental administrative expenses.

The details of operating expenses by nature in 2023 are shown below.

(Amounts in PHP)	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	6,888,916,213	-	6,888,916,213
General marketing		-	3,492,320,830	3,492,320,830
Salaries, wages and employee benefits	19.1, 21.6	2,630,993,465	859,265,087	3,490,258,552
Depreciation and amortization	10, 11	1,932,322,723	559,432,371	2,491,755,094
Casino operating expenses	21.2(c)	1,667,409,768	-	1,667,409,768
Outside services	21.2(a)	1,616,842,828	-	1,616,842,828
Food and beverage		1,303,506,927	-	1,303,506,927
Utilities and communication		-	949,317,665	949,317,665
Repairs and maintenance		-	539,819,283	539,819,283
Supplies		425,139,860	-	425,139,860
Transportation and travel		-	311,174,542	311,174,542
Donations and contributions	23.3(d)	-	257,080,457	257,080,457
Taxes and licenses		-	245,824,607	245,824,607
Management fees	21.3, 23.2	-	150,355,152	150,355,152
Rentals	10.2	14,293,096	131,321,982	145,615,078
Security		-	144,518,569	144,518,569
Commission		-	100,565,528	100,565,528
Professional services		-	92,430,637	92,430,637
Dues and subscriptions		-	90,126,429	90,126,429
Flight operations		83,517,415	-	83,517,415
Entertainment, amusement and recreation		- 45,027,724	-	45,027,724
Miscellaneous	10.1	150,986,140	291,110,060	442,096,200
		16,758,956,159	8,214,663,199	24,973,619,358

The details of operating expenses by nature in 2022 are shown below.

(Amounts in PHP)	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	6,086,970,292	-	6,086,970,292
Depreciation and amortization		2,438,627,354	813,855,404	3,252,482,758
Salaries, wages and employee benefits	19.1, 21.6	2,178,540,668	630,632,891	2,809,173,559
Impairment loss		-		
General marketing		-	2,278,736,417	2,278,736,417
Casino operating expenses	21.2(c)	1,152,684,493	-	1,152,684,493
Outside services	21.2(a)	1,135,088,277	-	1,135,088,277
Utilities and communication		-	1,082,084,082	1,082,084,082
Food and beverage		832,594,709	-	832,594,709
Management fees	21.3, 23.2	-	568,425,069	568,425,069
Repairs and maintenance		-	393,633,485	393,633,485
Transportation and travel	23.3(d)	-	310,187,131	310,187,131
Taxes and licenses		-	296,304,428	296,304,428
Supplies	21.3, 23.2	293,494,528	-	293,494,528
Donations and contributions	10.2	-	232,649,506	232,649,506
Security		-	148,793,779	148,793,779
Rentals		12,360,024	135,413,750	147,773,774
Professional services		-	87,629,974	87,629,974
Flight operations		81,381,792	-	81,381,792
Commission		-	70,480,699	70,480,699
Dues and subscriptions		-	51,741,321	51,741,321
Entertainment, amusement and recreation		20,657,431	-	20,657,431
Miscellaneous	10.1	48,290,248	485,793,543	534,083,791
		14,280,689,816	7,586,361,479	21,867,051,295

17. OTHER REVENUES – Net

The breakdown of this account is as follows:

(Amounts in PHP)	Notes	**2024**	2023	2022
Rentals	11, 21.7, 23.1	**669,782,627**	527,245,604	436,777,762
Utility recoveries		**235,380,334**	132,356,957	128,138,426
Bingo	2.9	**148,902,075**	159,590,261	144,464,688
Parking		**79,222,181**	80,510,049	47,831,491
Cinema		**44,360,027**	44,143,607	36,973,096
Merchandise		**25,351,450**	59,091,332	24,278,590
Laundry		**44,250,295**	62,282,835	37,931,059
Production shows		**15,038,342**	89,643,418	29,134,341
Commissions		**5,699,346**	4,791,506	4,134,954
Tournament income	2.9	**1,488,876**	-	8,591,361
Others - net		**133,259,865**	122,245,270	97,465,384
		1,402,735,418	1,281,900,839	995,721,152

Others include revenues from limousine, dormitory, spa, and other service charges.

18. OTHER INCOME (CHARGES) – Net

The details of this account are as follows:

(Amounts in PHP)	Notes	**2024**	2023	2022
Finance costs:				
Interest expense	10.2, 13, 19.2, 21.8	**4,472,435,806**	3,116,424,481	2,667,976,551
Foreign currency losses - net		**219,570,416**	282,887,644	40,918,978
Bank charges		**3,209,283**	3,022,734	3,956,546
		4,695,215,505	3,402,334,859	2,712,852,075
Finance income –				
Interest income	5, 8	**(166,209,662)**	(164,345,152)	(64,354,789)
Other income	10, 21.5	**(876,483,687)**	-	-
		3,652,522,156	3,237,989,707	2,648,497,286

19. EMPLOYEE BENEFITS

19.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Notes 16 and 21.6).

(Amounts in PHP)	Note	**2024**	2023	2022
Short-term employee benefits		**3,796,444,721**	3,432,707,048	2,738,575,843
Post-employment defined benefits	19.2	**78,736,821**	57,551,504	70,597,716
		3,875,181,542	3,490,258,552	2,809,173,559

19.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

In 2017, the Company established a partially-funded, non-contributory multi-employer post-employment benefit plan which is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company's Remuneration and Compensation Committee, who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

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 a minimum of 10 years credited service subject to the approval of the Company's Retirement Committee. The post-employment benefit plan provides benefits ranging from 85% to 200% of the plan salary for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made periodically to update the retirement benefit costs. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2024, 2023 and 2022.

The amounts of retirement benefit obligation recognized in the statements of financial position are determined as follows:

(Amounts in PHP)	**2024**	2023
Present value of the obligation	**1,056,968,753**	898,860,656
Fair value of plan assets	**(220,427,195)**	(197,283,257)
	836,541,558	701,577,399

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**898,860,656**	623,571,593
Current service cost	**78,736,821**	57,551,504
Interest expense	**55,010,272**	45,021,869
Remeasurements –		
Actuarial losses (gains) arising from:		
Experience adjustments	**49,295,542**	64,837,376
Changes in demographic assumptions	**9,081,002**	5,913,765
Changes in financial assumptions	**1,219,487**	106,064,829
Benefits paid from plan assets	**(33,067,827)**	(4,091,411)
Benefits paid from book reserves	**(2,167,200)**	-
Transfers from the plan	**-**	(8,869)
Balance at end of year	**1,056,968,753**	898,860,656

The movements in the fair value of plan assets in 2024 and 2023 are presented below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**197,283,257**	147,537,396
Contribution to the plan	**42,160,554**	42,160,554
Interest income	**12,351,973**	12,026,496
Benefits paid	**(33,067,827)**	(4,091,411)
Loss on plan assets (excluding amounts included in net interest)	**1,699,238**	(349,778)
Balance at end of year	**220,427,195**	197,283,257

The composition of the fair value of plan assets at the end of 2024 and 2023 by category and risk characteristics is shown below.

(Amounts in PHP)	**2024**	2023
Cash	**6,568,730**	7,753,232
Treasury bills	**165,695,123**	124,643,562
Unit investment trust fund (UITF)	**48,163,342**	64,886,463
	220,427,195	197,283,257

The fair values of cash and treasury bills are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The fair value of the UITF are estimated by reference to net asset value published by the trust fund managers at the end of each reporting period and is categorized within Level 2.

The plan assets loss an actual return of P14.1 million and P11.7 million in 2024 and 2023, respectively, and earned a return of P12.0 million in 2022.

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the retirement benefit obligation are as follows:

(Amounts in PHP)	**2024**	2023	2022
Reported in profit and loss:			
Current service cost	**78,736,821**	57,551,504	70,597,716
Net interest expense	**42,658,299**	32,995,373	29,264,384
	121,395,120	90,546,877	99,862,100

(Amounts in PHP)	**2024**	2023	2022
Reported in other comprehensive loss (income):			
Actuarial losses (gains) arising from:			
Experience adjustments	**49,295,542**	64,837,376	13,642,812
Changes in demographic assumptions	**9,081,002**	5,913,765	13,998,925
Changes in financial assumptions	**1,219,487**	106,064,829	(185,059,860)
Loss (gain) on plan assets (excluding amounts include net interest expense)	**(1,699,238)**	349,778	20,216,824
	57,896,793	177,165,748	(137,201,299)

Actuarial gains arising from the changes in financial assumptions pertains to the substantial increase in discount rate, which decreased the actuarially determined obligation as of December 31, 2024 and 2023. Experience adjustment pertains to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The amounts of retirement benefit expense recognized in profit or loss are presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses (for current and past service cost) and the Finance costs under Other Income (Charges) – Net (for interest expense) in the statements of comprehensive income (see Notes 16 and 18).

The amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2024	2023	2022
Discount rate	**6.11%**	6.12%	7.22%
Salary growth rate	**4.00%**	4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 33-34 years for males and 32-41 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Benefit Obligation

The Company is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) Investment and Interest Rate Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the retirement benefit obligation. Currently, the plan has relatively balanced investments in cash, treasury bills, and UITF. Due to the long-term nature of the plan obligation, a level of continuing investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(iii) Inflation Risk

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Company's liability.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement benefit obligation are described as follows.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2024 and 2023:

	Impact on Retirement Benefit Obligation		
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2024			
Discount rate	**+/- 100 basis points**	**(131,888,653)**	**113,305,858**
Salary increase rate	**+/- 100 basis points**	**133,394,752**	**(116,471,329)**
December 31, 2023			
Discount rate	+/- 100 basis points	(113,201,213)	97,130,072
Salary increase rate	+/- 100 basis points	114,506,391	(99,850,543)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company through its Remuneration and Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government treasury bills or bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

The plan assets as of December 31, 2024 and 2023 significantly consist of debt securities for long-term investment and UITF for liquidity purposes.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P836.5 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding pay pose a cash flow risk in about five to ten years' time when the current fair value of plan assets is not enough to cover the expected retirement benefit payments. The Company does not have an expected contribution to the plan during the next period.

The expected maturity of undiscounted expected benefits payments within the next ten years as of December 31, 2024 and 2023 is as follows:

(Amounts in PHP)	**2024**	2023
Within one year	**11,969,956**	23,348,359
More than one to five years	**194,631,524**	150,557,829
More than five years to ten years	**685,140,964**	574,941,699
	891,742,444	748,847,887

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the retirement benefit obligation at the end of the reporting periods is 6 to 12 years.

The Company expects to make contribution of P42.2 million to the plan during the next reporting period.

20. TAXES

20.1 Current Taxes

The components of tax expense as reported in the statements of comprehensive income are shown below:

(Amounts in PHP)	**2024**	2023	2022
Reported in profit or loss –			
Current tax expense:			
Capital gains tax	**61,352,100**	-	-
Final tax at 20% and 15%	**33,041,932**	32,869,030	12,870,958
Minimum corporate income tax (MCIT)	**31,974,514**	7,261,487	-
	126,368,546	40,130,517	12,870,958

In 2024, the Company paid capital gains tax amounting to P61.4 million in relation to the land transferred by the Company to a related party under common ownership (see Notes 10 and 18). There was no similar transaction in 2023 and 2022.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the profit or loss section of the statements of comprehensive income is as follows:

(Amounts in PHP)	**2024**	2023	2022
Tax on pretax profit at 25%	**134,261,215**	434,394,106	270,390,375
Adjustment for income subjected to lower tax rates	**53,091,617**	(8,217,258)	(3,217,740)
Tax effects of:			
Non-taxable income	**(7,977,539,609)**	(8,678,886,703)	(8,016,568,140)
Non-deductible expenses	**6,778,410,726**	7,359,529,522	6,774,814,496
Unrecognized deferred tax asset (DTA) on net operating loss carryover (NOLCO)	**1,101,715,318**	924,604,787	979,311,988
Unrecognized DTA on MCIT	**31,974,514**	7,261,487	-
Change in unrecognized DTA and changes on other temporary differences – net	**4,454,765**	1,444,576	8,139,979
Tax expense	**126,368,546**	40,130,517	12,870,958

The Company did not recognize certain DTA on other deductible temporary differences as management has assessed that it may not be able to realize the related tax benefits.

As of the end of the reporting periods, the total unrecognized net deferred tax assets relate to the items presented below.

(Amounts in PHP)	**2024**		2023	
	Amount	**Tax Effect**	Amount	Tax Effect
NOLCO	**17,061,949,433**	**4,265,487,358**	13,102,661,569	3,275,665,392
Allowance for impairme under ECL model	**116,992,854**	**29,248,214**	116,992,854	29,248,814
Past service cost	**53,173,833**	**13,293,458**	42,539,066	10,634,767
Unrealized foreign currency gains – net	**17,819,062**	**4,454,765**	5,778,303	1,444,576
MCIT	**39,236,001**	**39,236,001**	7,261,487	7,261,487
	17,289,171,183	**4,351,719,796**	13,275,233,279	3,324,255,036

The details of unrecognized NOLCO incurred by the Company which can be claimed as deduction from their respective future taxable income within three or five years from the year the taxable loss was incurred are shown below. Further, pursuant to Section 4 (bbbb) of Republic Act No. 11494, *Bayanihan to Recover as One* (Bayanihan II), the NOLCO for taxable year 2021 and 2020 shall be claimed as deduction within five years immediately following the year of such loss.

(Amounts in PHP)

Year Incurred	**Amount**	**Expired Amount**	**Remaining Balance**	**Valid Until**
2024	3,959,287,864		4,020,639,963	2027
2023	3,383,122,662	-	3,383,122,662	2026
2022	3,506,708,977	-	3,506,708,977	2025
2021	2,909,919,979	-	2,909,919,979	2026
2020	3,302,909,951	-	3,302,909,951	2025
	17,061,949,433	**-**	**17,123,301,532**	

The Company is subject to the MCIT, which is computed at 2% in 2024, 1.5% in 2023 and 1% in 2022, of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. The Company incurred MCIT amounting to P31,974,514 and P7,261,487 in December 31, 2024 and 2023, respectively, which is deductible against future RCIT within three years. No MCIT or RCIT was reported in 2022 as the Company is in gross loss position in such year.

The Company opted to claim itemized deductions in computing for its income tax due for the reporting periods.

20.2 Taxation of Casino Operations

Under the Provisional License Agreement with PAGCOR, the Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by the Company to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 23.3(e)].

In August 2016, the Philippine Supreme Court (SC), in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos". The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR.

Total license fees recognized amounted to P6.6 billion, P6.9 billion and P6.1 billion in 2024, 2023 and 2022, respectively, and are presented as Gaming license fees as part of Direct Costs in the statements of comprehensive income (see Note 16). The outstanding liabilities are presented as License fee payables under the Trade and Other Payables account in the statements of financial position (see Note 14).

20.3 Registration with the Philippine Economic Zone Authority (PEZA)

The Company was registered with PEZA on December 16, 2008 as a Tourism Economic Zone Enterprise as owner of the 172-room Maxims Hotel and 342-room Marriott Hotel in the Newport City Cybertourism Zone. In 2012, Remington Hotel (now known as Holiday Inn Express Manila Newport City) and the Newport Entertainment and Commercial Centre were also registered with the PEZA.

As a PEZA-registered enterprise, the Company is entitled to certain tax incentives which include:

(a) Income tax holiday (ITH) for four years on income solely derived from servicing foreign tourists. Upon expiry of the ITH period, the Company shall pay the 5% Gross Income Tax (GIT), in lieu of all national and local taxes, provided that the Company shall have the option to forego the ITH incentive entitlement and immediately avail of the 5% GIT incentive upon the start of commercial operations subject to the Company's submission to PEZA of its Board Resolution on said waiver of the ITH incentive;

(b) VAT zero rating on transactions with local suppliers of goods, properties and services directly related to its registered operations; and,

(c) Tax and duty-free importation of capital requirement for use in the technical viability and operation of the registered activity of the Company.

The Company completed the construction of 228-room MWW in 2016, and MGB, a 4,000-seater convention center, in 2015. In 2016, the Company obtained the supplemental agreements with PEZA covering these additional facilities.

ITH for Maxims Hotel, Marriott Hotel, and Holiday Inn Express Manila Newport City have expired.

In 2018, the Company registered Courtyard by Marriott Iloilo with PEZA. As the Company voluntarily waived the ITH incentive for Courtyard by Marriott Iloilo, it was directly made subject to the GIT incentive upon start of commercial operation in April 2018.

On December 3, 2021, the BIR issued Revenue Regulations (RR) No. 21-2021 to implement certain provisions of the Tax Code in relation to fiscal incentives, as amended by the CREATE Act. RR 21-2021 clarified that VAT-zero rating and exemption shall only apply to registered export enterprises and customs duty exemption on importation shall only apply to domestic enterprises for a maximum period of 12 years from the date of registration, unless otherwise extended by the Strategic Investment Priority Plan.

There were no GIT paid on income from servicing foreign tourists as the tax base for GIT in 2024, 2023, and 2022 is in taxable loss position.

21. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions and balances include its stockholder, companies under common ownership, management or control, associate, the Company's key management personnel and others as described below and in the succeeding pages.

21.1 Summary of Related Party Transactions

The summary of the Company's transactions and outstanding balances with its related parties is presented below and in the succeeding page.

		Amount of Transaction			Outstanding Balance	
(Amounts in PHP)	Notes	**2024**	2023	2022	**2024**	2023
Subsidiaries:						
DHRI & LSHRI – Guaranteed room payments	21.2, 16	**125,484,508**	335,592,462	280,115,777	**593,452,462**	467,967,954
BLMI – Manpower services and advances	21.2, 21.5	**38,401,537**	(13,366,527)	213,102,850	**(67,037,213)**	(105,438,750)
APEC – Transportation services and advances	21.2, 21.5	**(52,508,616)**	(56,498,623)	(56,355,150)	**567,151,022**	619,659,638
RBHAI – Manpower services and advances	21.2, 21.5	**48,070,176**	34,674,156	122,465,683	**64,800,177**	16,730,001
GSI – Manpower services and advances	21.2, 21.5	**38,784,527**	(102,444,789)	439,777,867	**12,144,219**	(26,640,308)
GVMSI – Manpower services and advances	21.2, 21.5	**(7,403,105)**	(35,065,491)	220,609,916	**(221,002,446)**	(213,599,341)
FHTC – Use of theater facilities and advances	21.5, 21.7	**(3,346,608)**	(27,963,199)	671,487	**147,486,632**	150,833,240
GIHRI – Operating lease and advances	21.5	**1,200,000**	480,000	-	**(26,425,619)**	(27,625,619)
Others – Obtaining of cash advances, net	21.5	**1,367,808,216**	1,915,848,653	1,292,566,077	**(731,420,430)**	(2,099,228,646)
Others – Granting of cash advances, net of repayments and others	21.5	**(735,346,973)**	(675,643,016)	(88,564,791)	**15,918,877,835**	16,654,224,808
Related Parties Under Common Ownership:						
Granting (collection) of cash advances, net	21.5	**1,679,490,495**	1,365,683	(28,500)	**1,747,301,240**	67,810,745
Transfer of land		**1,022,535,000**	-	-	**1,022,535,000**	-
Management fees	21.3	**59,957,829**	8,082,404	8,697,096	**(6,629,866)**	66,587,695)
Repayment (obtaining) of cash advances, net	21.5	**20,967,119**	(45,251,191)	(21,137,105)	**(162,224,073)**	(183,191,192)
Prepayment of condominium units	21.4	**-**	-	10,120,000	**199,740,688**	199,740,688
Reimbursement of construction costs	21.8	**-**	-	-	**3,056,180,769**	3,056,180,769
Associate –						
Granting cash advances	21.5	**(400,324,555)**	832,890,605	(403,282,340)	**932,208,601**	1,332,533,156
Stockholder –						
Management fees	21.6	**-**	-	(440,871,113)	**(238,709,798)**	(238,709,798)

(Amounts in PHP)	Notes	Amount of Transaction			Outstanding Balance	
		2024	2023	2022	**2024**	2023
Officers and Employees:						
Key management compensation	21.6	**614,631,479**	549,426,655	379,319,277	**(18,598,148)**	(16,253,715)
Receivables from employee housing program	21.4	**(11,601,301)**	(13,760,053)	(6,026,825)	**97,302,271**	108,903,572
Granting (collection) of cash advances, net	21.5	**(2,694,031)**	(8,208,197)	5,988,197	**111,725,250**	114,419,281
Other Related Parties Under Common Management or Control						
Donations	23.3(d)	**256,237,881**	251,480,457	216,574,106	**21,765,546**	25,336,837
Granting of cash advances, net	21.5	**984,561**	51,838	2,896,614	**23,969,273**	23,020,712

Under the ECL model, the Company recognized impairment loss in 2022 amounting to P7.7 million which is reported as Impairment on financial assets – Net in the 2022 statement of comprehensive income (see Note 21.5). No impairment losses were recognized in 2024 and 2023.

21.2 Purchase of Services from Subsidiaries

(a) BLMI, GVMSI, GSI and RBHAI

The Company has existing service agreements with BLMI and GVMSI whereby the subsidiaries shall provide its manpower needs. As a consideration, the Company shall reimburse all costs and expenses incurred by the subsidiaries related to the services rendered plus 10% service fee on the salaries, overtime pay and other necessary and reasonable costs of providing the related services incurred during the period.

The Company also entered in a service agreement with GSI and RBHAI to provide the additional manpower needs of the Company. Under the agreement, the Company shall reimburse all costs and expenses incurred by GSI and RBHAI related to the services rendered plus a certain markup.

The costs incurred arising from these transactions are presented as part of Outside services under Direct Costs in the statements of comprehensive income (see Note 16). Outstanding liabilities, if any, arising from these transactions are set-off against outstanding advances granted to these subsidiaries and is presented as part of Advances from Related Parties account. Otherwise, the remaining advances, net of outstanding liabilities, are presented as part of Advances to Related Parties – Net account (see Note 21.6).

(b) APEC

As part of the Company's marketing and promotional activities, the Company uses APEC's yacht to service the Company's valued patrons. The outstanding balance of the foregoing transaction is netted against the Company's advances to APEC, which are unsecured, noninterest-bearing and payable in cash upon demand and is presented as part of Advances to Related Parties – Net account in the statements of financial position (see Note 21.6).

(c) DHRI and LSHRI

The Company entered in a hotel accommodation agreement with DHRI and LSHRI, whereby these subsidiaries shall allocate hotel rooms to accommodate certain patrons who are eligible for complimentary room accommodations, as part of the Company's marketing strategy. As a consideration, the Company shall pay these subsidiaries based on the rates agreed by the parties.

The cost incurred arising from these transactions are presented as part of casino operating expenses under Direct Costs in the statements of comprehensive income (see Note 16).

The outstanding liabilities from these transactions are presented as part of Trade payables under Trade and Other Payables account in the statements of financial position (see Note 14).

21.3 Management Fees to Related Parties

On July 19, 2010, the Company entered into a management agreement with a related party under common ownership, whereby the latter shall provide management services to the Company, such as the handling of billings to and collections from tenants, and overall administration of the Company's leasing operations. As a consideration for such services, the Company shall pay the related party based on certain rates of collection, plus commission. The consideration for the services rendered by the related party is presented as part of Management fees under General and Administrative Expenses account in the statements of comprehensive income (see Note 16).

In 2023 and 2022, the Company obtained certain management services from another related party under common ownership for the Company's ongoing construction and development activities. The consideration for the services rendered by the related party is capitalized as part of CIP under Property and Equipment – Net account in the statements of financial position (see Note 10). There was no similar transaction in 2024.

21.4 Advance Payment to a Related Party

The Company entered into a contract to buy and sell with a related party under common ownership, whereby the Company shall purchase condominium units and parking lots from the latter to be used by in-house entertainers and for employee housing program. The remaining balance for each reporting period are presented as part of Miscellaneous under Other Non-Current Assets account in the statements of financial position (see Note 12).

In 2023, there were three availments of condominium units from employees. No new availments of the condominium units from employees in 2024. The outstanding receivables, secured to the extent of the related condominium units, noninterest-bearing and payable in lump sum payment or salary deductions, arising from the availment of certain employees amounting to P87.8 million and P108.9 million as of December 31, 2024 and 2023, respectively, are presented as part of Others under Trade and Other Receivables – Net account with respect to the current portion and as Receivables from employees under Other Non-current Assets account with respect to the non-current portion in the statements of financial position (see Notes 6 and 12). Management assessed that the related impact of discounting is not significant to the Company's financial statements.

21.5 Advances to and from Related Parties

In the normal course of business, the Company obtains from and grants cash advances to its related parties, including those under common ownership, and officers and employees which are subject for liquidation or salary deduction, for working capital requirements and other purposes.

In 2024, the Company and a related party under common ownership executed a Memorandum of Agreement to jointly construct a condominium project in Newport City. The related party agreed to manage and finance the construction while the Company transferred a certain parcel of land as its contribution. The transfer has a consideration amounting to P1.0 billion, which remains unpaid as of December 31, 2024, and is recorded as Advances to Related Parties – Net under non-current section of the 2024 statement of financial position. The balance is collectible based on the proportionate future sale of the condominium units.

Also in 2024, the Company funded an escrow account on behalf of a related party under common ownership amounting to P1.9 billion. The balance, which is unsecured, non-interest bearing, and collectible on demand, is reported as part of Advances to Related Parties – Net in the 2024 statement of financial position.

The details of Advances to Related Parties – Net account as at December 31 are presented below.

(Amounts in PHP)	Note	**2024**	2023
Subsidiaries		**17,310,371,624**	17,909,415,641
Associate		**932,208,601**	499,642,551
Related parties under common ownership of stockholders		**2,763,376,963**	67,810,745
Officers and employees		**111,725,250**	114,419,281
Other related parties under common ownership, management or control		**23,969,273**	16,561,435
		21,141,651,711	18,607,849,653
Allowance for impairment	24.2(c)	**(211,194,481)**	(211,194,481)
		20,930,457,230	18,396,655,172

Significant outstanding advances to subsidiaries include DHRI and LSHRI, which pertain to the funding for the construction and development of their respective hotels as ancillary to the main operations of the Company.

The changes in Advances to Related Parties – Net account are shown below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**18,396,655,172**	18,752,538,419
Repayments and offsetting	**(1,187,761,506)**	(769,126,799)
Additions	**3,721,563,564**	413,243,552
Balance at end of year	**20,930,457,230**	18,396,655,172

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from certain related parties under common ownership.

The details of Advances from Related Parties – Net account as at December 31 are shown below.

(Amounts in PHP)	**2024**	2023
Subsidiaries	**1,045,885,708**	2,472,532,664
Related parties under common ownership, management or control	**162,224,073**	183,191,192
	1,208,109,781	2,655,723,856

The changes in Advances from Related Parties – Net account are shown below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**2,655,723,856**	4,469,673,148
Repayments	**(1,455,017,180)**	(1,916,328,653)
Additions	**7,403,105**	102,379,361
Balance at end of year	**1,208,109,781**	2,655,723,856

The advances to and from related parties have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties (see Note 25.2). Parties agreed that costs, if any, arising from those transactions shall be shouldered by the Company.

21.6 Operations and Management Agreement with GHL/Key Management Personnel Compensation

In 2022 and prior years, some of the Company's administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. The transactions in 2022 are presented as part of Management fees under General and Administrative Expenses in the 2022 statement of comprehensive income (see Note 16). The outstanding liability, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14). There was no similar transaction in 2024.

The compensation of other key management personnel which is presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses account in the statements of comprehensive income is shown below (see Notes 16 and 19.1).

(Amounts in PHP)	**2024**	2023	2022
Short-term benefits	**541,900,384**	484,411,433	334,433,346
Post-employment defined benefit obligation	**72,731,095**	65,015,222	44,885,931
	614,631,479	549,426,655	379,319,277

The short-term benefits are generally payable semi-monthly. The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

21.7 Use of Theater Facilities by FHTC

The Company leases its theater facilities to FHTC on a per-show basis. Total income recognized from this transaction is presented as part of Rentals under Other Revenues – Net in the statements of comprehensive income (see Note 17). The outstanding receivable, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction, is presented as part of Advances to Related Parties – Net account in the statements of financial position.

21.8 Reimbursement for Construction Costs

In 2018, related party under common ownership turned over Courtyard Iloilo to the Company (see Note 10). The parties agreed that the Company will reimburse the costs incurred by the related party in constructing the hotel and its related facilities amounting to P4.0 billion. The unpaid portion, which is unsecured, shall bear interest of 6% commencing in 2019. As of December 31, 2024 and 2023, the outstanding balance amounting to P3.1 billion in both years is presented as Non-trade payable to a related party under Other Non-current Liabilities account in the statements of financial position (see Note 16). The related interest expense amounting to P183.4 million in all years is presented as part of Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

21.9 Retirement Plan

The Company's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash, treasury bills and UITF with a total fair value of P220.4 million and P197.3 million as of December 31, 2024 and 2023, respectively. The details of the contributions of the Company and the fair value of the plan assets are presented in Note 19.2(b).

22. EQUITY

22.1 Capital Stock

As of December 31, 2024 and 2023, the details of capital stock and treasury shares are as follow:

	Number of Shares	Amounts in PHP
Authorized and issued shares		
Preferred A – P0.10 par value	73,000,000,000	7,300,000,000
Preferred B – P0.01 par value	20,000,000,000	200,000,000.00
Common – P0.10 par value	73,000,000,000	2,500,000,000
Total authorized and issued shares		10,000,000,000
Treasury shares – at cost		
Preferred A	73,000,000,000	7,300,000,000
Preferred B	7,464,492,101	74,644,921
Common	6,923,435,665	5,371,585,385
Total treasury shares	87,387,927,766	12,746,230,306

On June 8, 2013, the Company approved the reclassification of its authorized capital from P10.0 billion divided into 9.9 billion voting, participating and reissuable preferred shares, redeemable at the option of the Company, and 100.0 million common shares, both with a par value of P1.0 per share, into P10.0 billion divided into 25.0 billion common shares with par value of P0.10 per share, 73.0 billion redeemable, non-voting, non-participating and reissuable preferred A shares with par value of P0.10 per share; and, 20.0 billion redeemable, voting, participating and reissuable preferred B shares with par value of P0.01 per share.

All the preferred shares are convertible into common shares and redeemable at the option of the Company under such terms and conditions as may be determined by the Company.

The reclassification was subsequently approved by the SEC on June 26, 2013. On March 12, 2014, the SEC approved another amendment to the Company's articles of incorporation to remove the convertibility feature of its preferred A and preferred B shares.

Also, on June 8, 2013, the Company's BOD approved the reissuance of 10.0 billion preferred B shares previously held under treasury at par value or P100.0 million. The preferred B shares are entitled to receive dividends at a rate, price, amount participation, and other terms and conditions to be fixed by the Company prior to the dividend issue date.

On November 5, 2013 and December 6, 2013, the Company issued through Initial Public Offering (IPO) 1,573,222,300 common shares and exercised its over-allotment option of 23,645,550 common shares, respectively, at an issue price of P11.28 per common share. Such issuances resulted in an increase in APIC of P16.6 billion, which is net of IPO-related expenses of P1.3 billion.

On August 13, 2019, the BOD of the Company approved the voluntary delisting of the common shares from the main board of the PSE. The Company made a tender offer for up to 1,582,867,900 common shares held by the public shareholders, at a tender offer price of P5.5 per common share. At the end of tender offer on September 23, 2019, the Company was able to buyback 1,321,060,505 shares for P7.3 billion, which brings down the public ownership of common shares from 10% to 1.8%. Accordingly, the PSE approved the petition for voluntary delisting and the Company's shares ceased to be traded publicly on October 21, 2019.

Following the delisting of shares in the PSE, the Company is gathering the total number of shareholders of common shares owning at least 100 shares each. However, the management initially assessed that the Company has breached the 200 or more shareholders, hence, qualifying as a quasi-public entity.

In February 17, 2022, the Company received a capital infusion from AGI via an equity call for an allocated common shares (3.6 billion) and preferred shares (2.5 billion) at an exercise price of P2.40, and P0.02 respectively, for a total of P7.8 billion to be received in four tranches starting from date of agreement. As of December 31, 2022, 50% of the agreed amount was already received by the Company amounting to P3.9 billion through the reissuance of treasury shares. In return of said infusion, the Company reissued 1,267,753,951 preferred B and 1,820,874,993 common shares from treasury at P0.02 and P2.14 per share, respectively, to AGI resulting to a decrease in treasury shares amounting to P1.4 billion and an additional APIC amounting to P2.5 billion. In 2023, the remaining amount was received resulting to a further decrease in treasury shares and additional APIC amounting to P1.4 billion and P2.5 billion, respectively.

22.2 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves – Net account, are shown in the succeeding page.

(Amounts in PHP)	**Financial Assets at FVOCI** [see Note 26.2(a)]	**Retirement Benefit Obligation** (see Note 19.2)	**Total**
Balance as of January 1, 2024	191,951,080	(246,979,205)	(55,028,125)
Remeasurements of retirement benefit obligation	-	76,245,351	76,245,351
Fair value gains on financial assets of FVOCI	75,710,920	-	75,710,920
Tax effect	-	(33,535,536)	(33,535,536)
Other comprehensive income	75,710,920	42,709,815	118,420,735
Balance as of December 31, 2024	**267,662,000**	**(204,269,390)**	**63,392,610**
Balance as of January 1, 2023	117,951,080	(21,910,946)	96,040,134
Remeasurements of retirement benefit obligation	-	(241,035,763)	(241,035,763)
Fair value gains on financial assets at FVOCI	74,000,000	-	74,000,000
Tax effect	-	15,967,504	15,967,504
Other comprehensive income (loss)	74,000,000	(225,068,259)	(151,068,259)
Balance as of December 31, 2023	191,951,080	(246,979,205)	(55,028,125)
Balance as of January 1, 2022	100,851,080	(186,895,974)	(86,044,894)
Remeasurements of retirement benefit obligation	-	174,246,271	174,246,271
Fair value gains on financial assets at FVOCI	17,100,000	-	17,100,000
Tax effect	-	(9,261,243)	(9,261,243)
Other comprehensive income	17,100,000	164,985,028	182,085,028
Balance as of December 31, 2022	117,951,080	(21,910,946)	96,040,134

23. COMMITMENTS AND CONTINGENCIES

23.1 Operating Lease Commitment – Company as Lessor

The Company is a lessor under non-cancellable operating lease agreements covering certain office, commercial and other spaces. The leases have terms ranging from three to seven years, with renewal options, and include annual escalation rate of 3% to 10%. The future minimum lease receivables, wherein significant renewals were entered into by the parties in 2024 and 2023, under these non-cancellable operating leases as at December 31 are presented below:

(Amounts in PHP)	**2024**	2023
Within one year	**236,534,600**	348,753,300
After one year but not more than five years	**199,135,978**	384,371,620
	435,670,578	733,124,920

The Company is subject to risk incidental to its rental of office, commercial and other spaces, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth, particularly from mall tenants, does not meet management's expectations, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits from commercial tenants, respectively (see Note 14).

Total rentals from these operating leases in 2024, 2023 and 2022 amounted to P669.8 million, P527.2 million, and P436.8 million, respectively, and presented as Rentals under the Other Revenues – Net in the statements of comprehensive income (see Note 17).

23.2 Various Hotel Agreements

(a) Marriott Company (Marriott and Courtyard Iloilo)

The Company has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as Marriott Group) for the license, supervision, direction, control and management of operations of the Company's Marriott, including the monitoring of its compliance with Marriott Group's standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants the Company a nonexclusive and nontransferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with the Company's Marriott hotels and brands.

(b) Holiday Inn Express

In 2017, the Company also entered into a Hotel Management Agreement (HMA) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards. The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with the Company's Holiday Inn Express.

(c) Hotel Okura Manila

Also in 2017, the Company and Hotel Okura Co., Ltd (Okura) signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants the Company a nonexclusive and nontransferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila.

In 2019, Hotel Okura Co., Ltd.'s wholly owned subsidiary, Okura Nikko Hotel Management Co., Ltd., entered into a Deed of Assignment and Assumption of Management Agreement with the Company relating to Okura. On January 2022, Hotel Okura started its commercial operations.

Payments to be made by the Company for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total amounts recognized from these transactions in 2024, 2023 and 2022 totaled P156.8 million, P144.1 million and P83.1 million, respectively, and are presented as part of Management fees under the General and Administrative Expenses in the statements of comprehensive income (see Note 16).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2024 and 2023 amounted to P53.6 million and P34.0 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

23.3 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Company to participate in the development of a portion of certain entertainment sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by the PAGCOR, and to establish and operate casinos, and engage in gambling activities in Sites A and B (collectively referred to as the Project). The term of the Company's License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) Debt–Equity Ratio Requirement

The Provisional License Agreement provides, among others, that the Company's License may be revoked or suspended upon failure of the Company to comply with the 70% debt – 30% equity ratio requirement of PAGCOR (see Note 26). As at December 31, 2024 and 2023, the Company is in compliance with this provision.

(b) Accession of WCI to the Provisional License

On March 18, 2013, the Company and WCI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of the Company under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCI are bound by certain investment commitments [see Note 23.3(c)].

(c) Investment Commitments

As required by the Provisional License Agreement, the Company and WCI are required to complete its U.S. $1.3 billion (about P75.4 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. $1.1 billion (about P63.8 billion) and U.S. $216.0 million (about P12.5 billion), respectively [see Note 23.3(b)]. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project (see Note 10).

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Company in 2014, PAGCOR approved a revised project implementation plan for the Westside City Project (Site A). WCI held the groundbreaking rites at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, the Company transferred U.S. $100.0 million (about P5.8 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Company.

At any given time, the escrow account shall have a maintaining balance of not lower than U.S. $50.0 million (about P2.6 billion) (see Note 8).

If the funds fall below the maintaining balance at any given time, the Company is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Company to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained.

While the Project is on-going, all funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Company is allowed to use other funds.

As at December 31, 2024, the Company has spent P127.8 billion (about $2.8 billion) for its casino projects pursuant to its investment commitments under the Provisional License Agreement.

The Company has restricted short-term placements amounting to U.S. $45.4 million (about P2.6 billion) and U.S. $50.4 million (about P2.6 billion) as at December 31, 2024 and 2023, respectively, to meet its requirements with PAGCOR in relation to the Company's investment commitments (see Note 8).

(d) Requirement to Establish a Foundation

The Company, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the Provisional License Agreement. In compliance with the said requirement, Newport World Resorts Foundation Inc. (the Foundation), formerly Resorts World Philippines Cultural Heritage Foundation, Inc., was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the company by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) cultural heritage; (ii) education; and, (iii) environment and health. As of December 31, 2024, the following are the completed and on-going projects of the Foundation:

- Donation of relief goods to victims of typhoons;
- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the collegiate universities;
- Computerization project with DepEd through providing a computer laboratory to various public schools in various parts of the country whereby all phases of the said project covering 27 schools have been completed;
- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;
- Scholarship program for underprivileged but deserving students enrolled in the field of performing arts;
- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;

- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts;
- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center;
- Donation of funds for the redevelopment of the Baguio City Post Office Park;
- Construction of the Philippine Military Academy Alumni Association, Inc. Center for Leadership Excellence;
- Donation of funds for the Construction of the Naga City Hospital Phase II;
- Information, education and communication materials for Dangerous Drugs Abuse Prevention and Treatment Program;
- Cash donation for the construction of the Magiting Verterans Wing at Veterans Memorial Medical Center; and
- Cultural development projects and sponsorship activities.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses in the statements of comprehensive income (see Note 16). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, non-interest-bearing and payable in cash upon demand, as at December 31, 2024 and 2023 is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

(e) Tax Contingencies of Casino Operations

The Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR (see Notes 20.2). In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 20.2).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos". The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR issued a circular which sought to clarify that the franchise tax imposed to PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the licensee is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

23.4 Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)

As a PAGCOR licensee, the Company committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila.

As at December 31, 2024 and 2023, contributions made to ECEMI amounted to P1.3 million and is presented as part of Advances to Related Parties – Net account in the statements of financial position (see Note 21.6).

23.5 Co-Development Agreement between WCI and Suntrust Resorts Holdings, Inc. (SUN)

On October 28, 2019, a co-development agreement was entered into between WCI and SUN, under and pursuant to which WCI and the Company are to lease a portion of Site A to SUN for the development and construction of the hotel casino that SUN will operate and manage as allowed under the Provisional license issued by PAGCOR to the Company.

As part of the co-development agreement with SUN, Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of LET Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and conditions mutually agreed upon by the parties. WCI and the Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of the Company's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of; (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to WCI and to the Company, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(j)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.4(a)].

In accordance with the ECL model, the option price that WCI and Parent Company is committed to pay was compared with the value of the collateral or the shares they will receive using the put option. Management determined that the committed option price as of 2024 and 2023 amounted to P3.2 billion and P3.1 billion, respectively, and the SUN shares are priced in the PSE at P0.90 per share in 2024 (P3.2 billion in total) and P0.84 per share in 2023 (P3.1 billion in total). As the option price is fully secured by the value of SUN shares and as management assessed that the probability of default was assessed to be remote, the Company assigned a nil value to the instrument as at December 31, 2024 and 2023.

23.6 Others

The Company has unutilized credit lines amounting to P1.5 billion and P13.0 billion as of December 31, 2024 and 2023, respectively (see Note 13).

Also, the Company, in the normal course of its business, makes various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 25. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's risk management is coordinated with its BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

24.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing, and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's foreign currency-denominated cash, trade and other receivables, and trade and other payables, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate, are shown below:

	USD	PHP Equivalent	HKD	PHP Equivalent
2024				
Financial assets	4,603,424	267,063,065	312,428,724	2,333,342,682
Financial liabilities	(13,882,276)	(805,366,342)	(56,035,678)	(418,496,857)
	(9,278,852)	**(538,303,277)**	**256,393,046**	**1,914,845,825**
2023				
Financial asset	4,563,724	229,317,143	379,416,364	2,698,447,121
Financial liabilities	(18,156,050)	(912,301,754)	(100,415,037)	(714,161,785)
	(13,592,326)	(682,984,611)	279,001,327	1,984,285,336

The sensitivity of the income or loss before tax for the period with regard to the Company's financial assets and the USD – Philippine peso exchange rate assumes +/- 14.16% and +/- 15.94% changes in exchange rate for the years ended December 31, 2024 and 2023. The HKD – Philippine peso exchange rate assumes +/- 14.12% and +/- 18.13% changes for 2024 and 2023, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, profit before tax would have been higher by P76.2 million in 2024 and P108.9 million in 2023. In terms of HKD, if the Philippine peso had strengthened against the foreign currency, with all other variables held constant, profit before tax would have decreased by P270.4 million in 2024 and P359.8 million in 2023.

However, if the Philippine peso had weakened against the USD and the HKD by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. At December 31, 2024 and 2023, the Company is exposed to changes in market interest rates through cash and certain interest-bearing loans and borrowings which are subject to variable interest rates (see Notes 5 and 13). All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Company's profit or loss before tax to a reasonably possible change in interest rates of +/- 0.10% and +/- 0.19% for Philippine pesos in 2024 and 2023, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence.

The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting periods, with effect estimated from the beginning of the year. All other variables are held constant, if interest rates have decreased and increased by 0.10% in 2024 and 0.19% in 2023, profit before tax both in 2024 and 2023 would have decreased and increased by P3.0 million and P1.7 million. Conversely, if the interest rate decreased by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

24.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, placing deposits to banks, and entering into financial guarantee contract.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements) as summarized below.

(Amounts in PHP)	Notes	**2024**	2023
Cash	5	**10,210,062,625**	10,415,948,214
Restricted short-term placements	8, 23.3(c)	**2,633,667,852**	2,621,279,159
Trade and other receivables – net	6	**1,974,230,690**	1,741,598,303
Advances to related parties – net	21.6	**20,930,457,230**	18,396,655,172
Financial guarantee contract	23.5	**3,234,200,501**	3,124,831,402
Other non-current assets:	12		
Receivables from employees		**87,834,285**	100,269,149
Refundable deposits		**96,380,056**	96,380,053
Investments in time deposits		**-**	126,388,802
		39,166,833,239	36,623,350,254

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below and in the succeeding page.

(a) Cash, Restricted Short-term Placements and Other Deposits in Bank, and Investments in Time Deposits

The credit risk for cash and similar financial assets herein is considered negligible or the probability of default from the reputable depositary banks are remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million per depositor per banking institution.

(b) Trade and Other Receivables – Net

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The trade receivables relate mostly to receivables from third parties arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Company assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables over a period of 36 months before December 31, 2024, and the corresponding historical credit losses experienced within such period. In determining the historical loss rates the Company considered the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, including the consumer confidence and price indices (food and beverage, recreation and culture), gross domestic product growth rate and inflation.

On that basis, the loss allowance as at December 31, 2024 and 2023 was determined based on months past due, as follows:

(Amounts in PHP)	**Not more than 3 months**	**More than 3 months but not more than 6 months**	**More than 6 months but not more than 1 year**	**More than 1 year**	**Total**
December 31, 2024					
Expected loss rate	**0.00%**	**62.71%**	**92.35%**	**100.00%**	
Gross carrying amount	**1,920,895,937**	**135,119,921**	**38,471,003**	**19,383,007**	**2,113,869,868**
Loss allowance	**-**	**84,728,200**	**35,527,971**	**19,383,007**	**139,639,178**
December 31, 2023					
Expected loss rate	0.00%	59.15%	89.30%	100.00%	
Gross carrying amount	1,626,918,707	55,312,757	67,311,970	46,812,622	1,796,356,056
Loss allowance	-	32,716,214	60,110,342	46,812,622	139,639,178

Other components of trade and other receivables such as interest receivables and claim receivables are also evaluated by the Company for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, does not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) Advances to Related Parties – Net

Advances to related parties pertain to cash grants to the Company's officers and employees, associate and related parties under common ownership. For officers and employees, the Company assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Company deemed that exposure at default is low as it has an outstanding advances from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Company did not provide an ECL on such balances.

With respect to its advances to subsidiaries and related parties under common ownership, the Company did not recognize an impairment loss for 2024 and 2023.

(d) Refundable Deposits

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Company.

(e) Other Assets with Exposure to Credit Risks

Management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance the general approach of ECL, the value of the put option was measured on a 12-month basis (see Note 23.5).

24.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year periods are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2024 and 2023, the Company's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	Current			Non-current
	Upon Demand	**Within 6 Months**	**6 to 12 Months**	**1 to 19 Years**
December 31, 2024				
Interest-bearing loans and borrowings	-	11,778,133,086	12,689,538,938	54,637,457,937
Trade and other payables (except tax-related liabilities, license fees payable liability for unredeemed gaming points)	101,926,118	12,658,454,627	30,390,651	-
Slot jackpot liability	-	772,287,098	-	
Advances from related parties	1,208,109,781	-	-	
Other non-current liabilites	-	-	-	3,585,769,167
	1,310,035,899	**25,208,874,811**	**12,719,929,589**	**58,223,227,104**
December 31, 2023				
Interest-bearing loans and borrowings	-	9,677,051,251	16,675,499,697	37,889,228,027
Trade and other payables, license fees payable liability for unredeemed gaming points)	82,735,654	17,166,686,313	17,767,208	-
Slot jackpot liability	-	582,308,901	-	-
Advances from related parties	2,655,723,856	-	-	-
Other non-current liabilities	-	-	-	4,949,582,062
	2,738,459,510	27,426,046,465	16,693,266,905	42,838,810,089

The contractual maturities reflect the gross cash flows which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

25. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

		2024		2023	
(Amounts in PHP)	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets					
At amortized cost:					
Cash	5	**10,210,062,625**	**10,210,062,625**	10,415,948,214	10,415,948,214
Trade and other receivables – net	6	**1,974,230,690**	**1,974,230,690**	1,741,598,303	1,741,598,303
Advances to related parties – net	21.6	**20,930,457,230**	**20,930,457,230**	18,396,655,172	18,396,655,172
Restricted short-term placements	8	**2,633,667,852**	**2,633,667,852**	2,621,279,159	2,621,279,159
Other non current assets:					
Refundable deposits	12	**96,380,056**	**91,038,462**	96,380,053	91,038,462
Receivables from employees	12	**87,834,285**	**87,834,285**	100,269,149	100,269,149
Investments in time deposits	8	**-**	**-**	126,388,802	126,388,802
		35,932,632,738	**35,927,291,144**	33,498,518,852	33,493,177,261
Financial assets at FVOCI		**315,800,000**	**315,800,000**	240,700,000	240,700,000
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	13	**62,642,664,543**	**64,551,796,424**	53,037,553,259	64,241,728,975
Trade and other payables	14	**14,590,933,969**	**14,590,933,969**	19,138,519,073	19,138,519,073
Advances from related parties	21.5	**1,208,109,781**	**1,208,109,781**	2,655,723,856	2,655,723,856
Other non-current liabilities	14	**4,058,208,070**	**4,058,208,070**	4,949,582,062	3,257,710,933
		82,499,916,363	**84,409,048,244**	79,781,378,250	89,293,682,837
At fair value through profit of loss –					
Slot jackpot liability	14	**772,287,098**	**772,287,098**	582,308,901	582,308,901

See Note 2.4 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 24.

25.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements, except as disclosed in Note 21.5. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders.

As such, the Company's outstanding receivables from and payables to the same related parties as presented in Note 21 can be potentially offset to the extent of their corresponding outstanding balances.

26. FAIR VALUE MEASUREMENT AND DISCLOSURE

26.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: 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); and,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

26.2 Financial Instruments Measured at Fair Value

(a) Financial Assets at FVOCI

Golf club and other club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market and not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

The fair value of these shares increased by P75.7 million, P74.0 million and P17.1 million in 2024, 2023 and 2022, respectively, which are presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income in the statements of comprehensive income.

Accumulated fair value gains on these financial assets is presented as part of Revaluation Reserves – Net account in the statements of financial position (see Note 22.2).

(b) Financial Liabilities arising from Derivative Transactions

Slot jackpot liability refers to the accrual for unsettled wagers related to the expected and eventual payouts of the Company as of the last trading day for the year. As the provision accumulates on a real-time basis based on pattern of play, less any payouts, the amount of the obligation as of the end of the reporting period represents its fair value. The outstanding amounts as of December 31, 2024 and 2023 is presented under Trade and Other Payables account in the statements of financial position (see Note 14).

There were no transfers across the levels of the fair value hierarchy for both club shares and provision for slot jackpot in 2024 and 2023.

26.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management determined that due to the short duration of its financial assets and financial liabilities, as disclosed in Note 25, their carrying amount as of December 31, 2024 and 2023 approximate their fair values. Only cash, restricted short-term placements and investment in time deposits are categorized under Level 1 while all other financial instruments are categorized under Level 3 of their fair value hierarchy.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

26.4 Fair Value for Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Company's investment property (see Note 11) was determined by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate and other relevant considerations. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is their current use.

As of December 31, 2024 and 2023, the fair value of the Company's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a 15-year discounted cash flow model with 16th year reversion value. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital.

The approach involves the projection of the discounting revenues, outgoing expenses over the future 15 years with reference to the anticipated revenues. The reversion value at the 16th year is capitalized at an appropriate capitalization rate to determine the terminal value of the asset. The adopted capitalization for the asset may reflect the quality and market position of the asset at the end of the cash flow.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the Company's statements of financial position. The Company's goal in capital management is for the Company to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio [see Note 23.3(a)]. Capital of the Company for the reporting periods and the computation of debt – equity structure as at December 31, 2024, 2023 and 2022 is presented below.

(Amounts in PHP)	**2024**	2023	2022
Total debt from financing:			
Interest-bearing loans and borrowings	**62,642,664,543**	53,037,553,259	51,745,403,428
Advances from related parties	**1,208,109,781**	2,655,723,856	4,469,673,148
	63,850,774,324	55,693,277,115	56,215,076,576
Total equity	**39,796,574,884**	39,368,084,444	33,856,232,004
Debt-equity ratio	**62% - 38%**	59% - 41%	62% - 38%

All ratios as at December 31, 2024, 2023 and 2022 are compliant with the Company's Provisional License Agreement with PAGCOR [see Note 23.3(a)].

The Company sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Company 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 Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

28. EARNINGS PER SHARE

The earnings per share (EPS) is computed as follows:

(Amounts in PHP)	**2024**	2023	2022
Basic and diluted:			
Net profit for the year	**410,676,313**	1,697,445,905	1,068,690,543
Divided by weighted average number of outstanding common shares	**18,076,564,335**	15,651,923,690	15,284,556,014
	0.023	0.108	0.070

There were no other potentially dilutive shares as at December 31, 2024, 2023 and 2022. Accordingly, the basic and diluted EPS are the same for all years presented.

29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) Output VAT

In 2024, the Company declared Output VAT as follows:

(Amounts in PHP)	**Tax Base**	**Output VAT**
Exempt revenues	32,152,790,563	-
Sale of goods and rendering of services	4,513,575,758	541,629,091
Zero-rated revenues	1,489,605,731	-
	38,155,972,052	**541,629,091**

The Company's VAT-exempt revenues were determined pursuant to Sections 13.2(a) and (b) of P.D. No. 1869, otherwise known as the PAGCOR Charter, and Section 109 of the National Internal Revenue Code of 1997, as amended. The VAT-exempt revenues is composed of Gaming Revenues and certain items under Other Revenues – Net in the 2024 statement of comprehensive income.

The Company's hotel operations is a PEZA-registered activity and is subject to 5% GIT on income solely derived from servicing foreign tourists. The Company's income from hotel operations derived from foreign tourists is classified as VAT zero-rated sales pursuant to Section 108(B) of the National Internal Revenue Code of 1997, as amended.

Prior to the enactment of Republic Act No. 11976 , otherwise known as the Ease of Paying Taxes (EOPT) Act, the tax bases for revenues from Hotel, Food, Beverage and Others and Other Revenues – Net are based on the Company's gross receipts for the year; hence, these may not be the same as the amounts accrued in the 2024 statement of comprehensive income.

(b) Input VAT

The movements in input VAT in 2024 are summarized below.

(Amounts in PHP)	
Balance at beginning of year	1,270,918,966
Services lodged under cost of services	317,345,841
Applied against output VAT	(541,629,091)
Balance at end of year	**1,046,635,716**

Input VAT as at the end of the year represents deferred input tax on purchase of capital goods and input tax on importation of goods and is presented as Input VAT under Prepayments and Other Current Assets – Net account in the 2024 statement of financial position.

(c) Taxes on Importations

The Company did not have any importations in 2024 which are subject to customs duties and tariff fees.

(d) Excise Tax

The Company did not have any transactions in 2024 which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

In 2024, DST accrued and paid by the Company amounted to P89.3 million relating to the Company's documents, instruments and papers evidencing the acceptance, assignment, sale or transfer of an obligation and any right or property during the year, which is presented as part of Taxes and licenses under General and Administrative Expenses account in the 2024 statement of comprehensive income.

(f) Taxes and Licenses

The details of Taxes and licenses account shown in the 2024 statement of comprehensive income are as follows:

(Amounts in PHP)	
Real property tax	145,670,843
DST	89,274,143
Business permits and registration fees	21,765,833
Others	9,748,578
	266,459,397

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2024 are shown below.

(Amounts in PHP)	
Expanded	245,929,232
Compensation and benefits	190,653,581
Final	161,773,994
	599,244,193

(h) Deficiency Tax Assessments and Tax Cases

(i) Payment for Deficiency Tax

In 2024, the Company paid deficiency taxes which includes basic taxes, surcharge and compromise amounting to P21,697,076 and interest amounting to P3,306,311 for taxable year 2022. The deficiency payment is presented as part of Miscellaneous under Other Operating Expenses account in the 2024 statement of comprehensive income.

(ii) Other Tax Assessment and Cases

The Company received Final Decision on Disputed Assessment (FDDA) assessing the Company for deficiency income taxes in the aggregate amount, inclusive of interest and penalties, of P2.7 billion, P2.9 billion, P4.6 billion and P3.3 billion covering taxable years 2010 through 2013. Further, in 2014 and 2015, the Company received Final Assessment Notices (FAN) assessing the Company for deficiency VAT in the amount of P3.3 billion and P3.8 billion, respectively. The foregoing assessments stemmed from the BIR's interpretation of RMC 33-2013 which subjected the Company's gaming revenues to the regular income tax rate [see Notes 20.2 and 23.3(e)]. The Company timely filed the requisite Protests to the FAN and Requests for reconsideration to the FDDA with the BIR, and Petitions for review with the Philippines Court of Tax Appeals (CTA) for all assessments.

In 2018, 2019 and 2020, the CTA rendered decisions on the Company's appeal involving the deficiency assessments on income taxes for taxable years 2010, 2011 and 2012, respectively. In said decisions, the CTA declared the assessment void, cancelled and withdrawn. The decisions for taxable years 2010, 2011 and 2012 were affirmed by the CTA En Banc in 2020 and 2023. In 2021, the Supreme Court denied the CIR's Petitions for Review in relation to the deficiency assessments on income taxes for taxable year 2010 and 2011, and affirmed the decisions of the CTA, which declared void, cancelled, and withdrawn the said assessments.

Moreover, in 2020 and 2019, the BIR rendered a decision on the Company's appeal involving the deficiency assessment on VAT for taxable year 2014 and 2015, respectively. In its decision, the BIR similarly ruled both assessment as void, cancelled and withdrawn.

In 2022, the Supreme Court denied with finality the BIR's Petition for Review of the decision of the CTA, which declared void, cancelled, and withdrawn the assessment for deficiency income tax amounting to Php2.7 billion for the year 2010 considering that PAGCOR contractees and licensees are exempt from income tax on its gaming operations. Thus, the CTA's Decision cancelling the BIR's income tax assessment for the year 2010 amounting to PhP2.7 billion has become final.

Ruling in favor of the Company, the CTA Special Third Division (CTA Division) ordered in a Decision dated April 18, 2024, the cancellation and setting aside of the audit results and assessments notices for taxable year 2013 amounting to P3.3 billion. The subsequent Motion for Reconsideration filed by the CIR was denied by the CTA Division for lack of Merit.

On October 30, 2024, the CIR filed a Petition for Review before the CTA En Banc assailing the decision of the CTA Division. Considering that the arguments raised by the CIR in its Petition are mere rehash of their arguments before the CTA Division and the CTA En Banc has rendered similar assessments for income tax for other taxable years as void, the management is optimistic that the CTA En Banc will deny the Petition for Review of the CIR and rule in favor of the Company. Further, significant developments that removed the uncertainty on exemption from taxation of gaming revenues is in line with said management assessment [see Notes 20.2 and 23.3(e)].

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc.
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Travellers International Hotel Group, Inc. for the year ended December 31, 2024, on which we have rendered our report dated April 7, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Map Showing the Relationship Between and Among the Company and its Related Entities; and,

b. Reconciliation of Retained Earnings Available for Dividend Declaration as of December 31, 2024

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

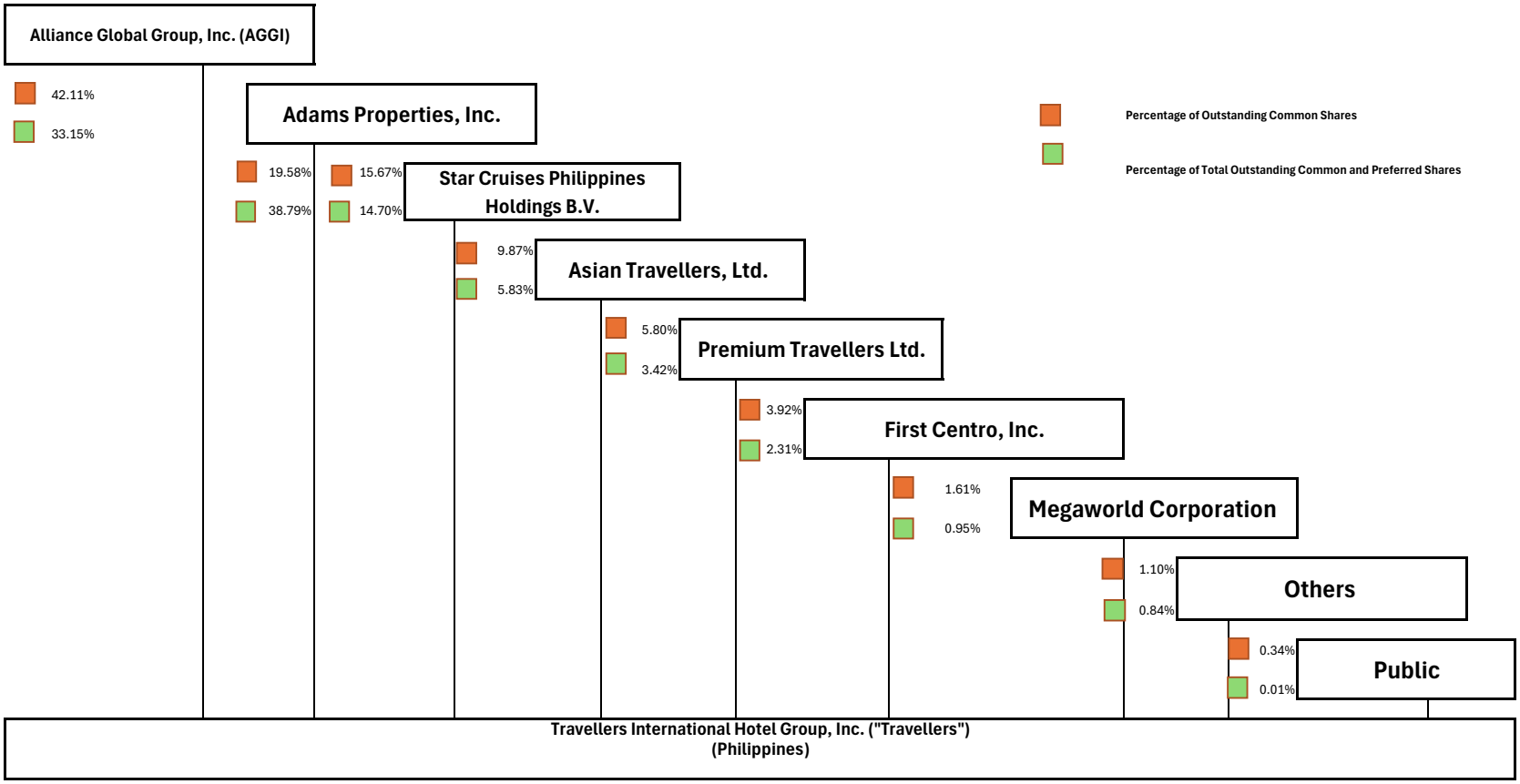
PUNONGBAYAN & ARAULLO

By: Yusoph A. Maute
Partner

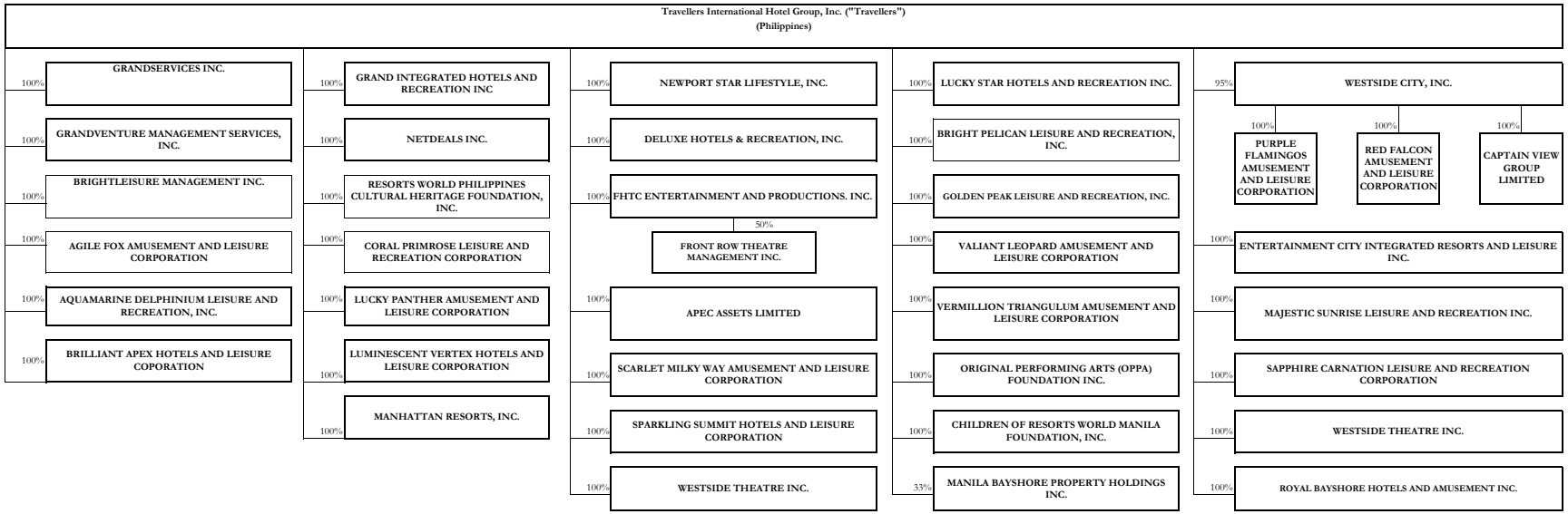
CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10465908, January 2, 2025, Makati City
BIR AN 08-002551-046-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 7, 2025

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
DECEMBER 31, 2024



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
DECEMBER 31, 2024



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2024

Unappropriated Retained Earnings at Beginning of Year		P 14,717,542,651
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Prior period adjustment on fair value and accumulated depreciation of investment properties	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		14,717,542,651
Add: Net Income for the Current Year		410,676,313
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unealized foreign exchange gain, except those attributable to cash and cash equivalent	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized gain on fair value adjustment and depreciation on investment properties during the year	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	177,722,544	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Realized fair value gains of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	177,722,544
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Adjustment on prior period on fair value and accumulated depreciation of investment properties	-	-
Balance carried forward		
Adjusted Net Income		P 588,398,857

Balance brought forward		
Adjusted Net Income		P 588,398,857
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	-
Add/Less: Adjustments related to relief granted by the SEC and BSP periods but realized in the current period (net of tax)		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	-	-
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax assets and deferred tax liabilities related to same transactions, e.g., set up of right of use and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others	-	-
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 15,305,941,508**

ANNEX "I-3"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	4	2	6	4	9

Company Name

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

10/F NEWPORT ENTERTAINMENT & COMMERCIAL CENTRE, NEWPORT BOULEVARD, NEWPORT CYBERTOURISM ECONOMIC ZONE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	9 0 8 8 0 0 0	N A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
210	Every 2nd 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
Laurence Hawke	laurence.hawke@newportworldresorts.com	632-908-8000	

Contact Person's Address

10/F Newport Entertainment Commercial Centre, Newport Boulevard, Newport City , Pasay

Note: In case of death, resgination 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.

Gmail

Travellers International Hotel Group Inc <travellersinternational.tax@gmail.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, May 15, 2026 at 5:02 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058RPTTY122025.pdf
- EAFS246099058ITRTY122025.pdf
- EAFS246099058AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2VM4W3PV0PXXXV21SMXRW2X110PMY33YVP**
Submission Date/Time: **May 15, 2026 05:02 PM**
[Quoted text hidden]

Gmail

Travellers International Hotel Group Inc <travellersinternational.tax@gmail.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, May 15, 2026 at 5:03 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

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- EAFS246099058OTHTY122025.pdf

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- <None>

Transaction Code: **AFS-0-H7EEAKJ0QZT2VR3MNMXNXR110758B9A5L**
Submission Date/Time: **May 15, 2026 05:03 PM**
[Quoted text hidden]

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Travellers International Hotel Group Inc <travellersinternational.tax@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, May 15, 2026 at 10:10 AM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058TCRTY122025-01.pdf
- EAFS246099058TCRTY122025-03.pdf
- EAFS246099058TCRTY122025-02.pdf

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- <None>

Transaction Code: **AFS-0-6GF8D9C909JG79ABJP4XWY24S0MTXXY3SW**
Submission Date/Time: **May 15, 2026 10:10 AM**
Company TIN: **246-099-058**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Gmail

Travellers International Hotel Group Inc <travellersinternational.tax@gmail.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, May 15, 2026 at 12:10 PM
To: TRAVELLERSINTERNATIONAL.TAX@gmail.com
Cc: TRAVELLERSINTERNATIONAL.TAX@gmail.com

Hi TRAVELLERS INTERNATIONAL HOTEL GROUP INC.,

Valid files

- EAFS246099058TCRTY122025-05.pdf
- EAFS246099058TCRTY122025-04.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-9L6FAKK503QQ2VM2XN3M4X23V0AEKDKAK**
Submission Date/Time: **May 15, 2026 12:10 PM**
[Quoted text hidden]

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Travellers International Hotel Groups Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, 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 misstatements, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company'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.

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

KEVIN ANDREW L. TAN
Chairman of the Board

NILO THADDEUS P. RODRIGUEZ
Chief Executive Officer/President

LAURENCE JAMES HAWKE
Chief Financial Officer

Signed this 15th day of April 2026.

P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Travellers International Hotel Group, Inc.

December 31, 2025, 2024 and 2023

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc.
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Travellers International Hotel Group, Inc. (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended December 31, 2025, and notes to the financial statements, including material accounting information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Yusoph A. Maute
Partner

CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10770764, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-046-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 15, 2026

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	December 31, 2024 (As Restated – see Note 2)	January 1, 2024 (As Restated – see Note 2)
A S S E T S				
CURRENT ASSETS				
Cash	5	**P 7,881,999,345**	P 10,210,062,625	P 10,415,948,214
Trade and other receivables - net	6	**2,298,522,121**	1,974,230,690	1,741,598,303
Advances to related parties - net	21	**18,161,002,508**	19,907,922,230	18,396,655,172
Inventories	7	**164,569,031**	173,749,787	153,779,891
Prepayments and other current assets	8	**5,742,143,278**	3,667,826,425	3,702,029,729
Total Current Assets		**34,248,236,283**	35,933,791,757	34,410,011,309
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	26	**299,800,000**	315,800,000	240,700,000
Advances to related parties - net	21	**1,010,289,835**	1,022,535,000	-
Investments in subsidiaries and an associate	9	**9,183,882,735**	6,279,326,485	5,738,776,485
Property and equipment - net	10	**70,786,963,462**	74,925,338,425	75,160,439,164
Investment property - net	11	**917,923,407**	980,668,914	1,043,414,421
Other non-current assets	12	**4,299,933,810**	3,203,073,322	3,257,698,714
Total Non-current Assets		**86,498,793,249**	86,726,742,146	85,441,028,784
TOTAL ASSETS		**P 120,747,029,532**	P 122,660,533,903	P 119,851,040,093
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13	**P 18,701,053,837**	P 23,369,381,376	P 25,090,533,330
Trade and other payables	14	**13,555,937,306**	14,590,873,969	19,138,519,073
Advances from related parties	21	**677,265,774**	1,208,109,781	2,655,723,856
Total Current Liabilities		**32,934,256,917**	39,168,365,126	46,884,776,259
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13	**45,851,555,529**	39,273,283,168	27,947,019,929
Retirement benefit obligation - net	19	**956,483,488**	836,541,558	701,577,399
Other non-current liabilities	14	**485,918,554**	3,585,769,167	4,949,582,062
Total Non-current Liabilities		**47,293,957,571**	43,695,593,893	33,598,179,390
Total Liabilities		**80,228,214,488**	82,863,959,019	80,482,955,649
EQUITY	22			
Capital stock		**10,000,000,000**	10,000,000,000	10,000,000,000
Additional paid-in capital		**27,401,474,928**	27,401,474,928	27,401,474,928
Treasury shares		**(12,746,230,306)**	(12,746,230,306)	(12,746,230,306)
Revaluation reserves - net		**(54,119,037)**	(41,690,075)	(59,504,202)
Retained earnings		**15,917,689,459**	15,183,020,337	14,772,344,024
Total Equity		**40,518,815,044**	39,796,574,884	39,368,084,444
TOTAL LIABILITIES AND EQUITY		**P 120,747,029,532**	P 122,660,533,903	P 119,851,040,093

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
NET REVENUES				
Gaming	15	**P 31,404,669,968**	P 31,978,911,813	P 34,192,140,829
Less: Promotional allowances	15	**(7,172,344,104)**	(8,588,669,377)	(9,699,683,190)
		24,232,325,864	23,390,242,436	24,492,457,639
Non-gaming:				
Hotel, food, beverage and others	15	**4,426,826,112**	4,499,837,605	4,174,827,009
Other revenues - net	15, 17	**1,446,288,394**	1,402,735,418	1,281,900,839
		5,873,114,506	5,902,573,023	5,456,727,848
		30,105,440,370	29,292,815,459	29,949,185,487
DIRECT COSTS	16	**16,822,518,944**	17,015,755,640	16,758,956,159
GROSS PROFIT		**13,282,921,426**	12,277,059,819	13,190,229,328
OTHER OPERATING EXPENSES				
General and administrative expenses	16	**(9,375,098,847)**	(8,087,492,804)	(8,214,663,199)
Impairment on financial assets - net	6, 21, 25	**(9,634,409)**	-	-
		(9,384,733,256)	(8,087,492,804)	(8,214,663,199)
OPERATING PROFIT		**3,898,188,170**	4,189,567,015	4,975,566,129
OTHER INCOME (CHARGES) - Net	18	**(3,094,305,625)**	(3,652,522,156)	(3,237,989,707)
PROFIT BEFORE TAX		**803,882,545**	537,044,859	1,737,576,422
TAX EXPENSE	20	**(69,213,423)**	(126,368,546)	(40,130,517)
NET PROFIT		**734,669,122**	410,676,313	1,697,445,905
OTHER COMPREHENSIVE INCOME (LOSS)				-
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains (losses) on remeasurement of retirement benefit obligation	19	**3,571,038**	(57,896,793)	(177,165,748)
Net unrealized fair value gains on financial assets at fair value through other comprehensive income	22, 26	**(16,000,000)**	75,710,920	74,000,000
		(12,428,962)	17,814,127	(103,165,748)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 722,240,160**	P 428,490,440	P 1,594,280,157
Earning per share – Basic and diluted	28	**P 0.041**	P 0.023	P 0.108

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Capital Stock (see Note 22)	Additional Paid-in Capital (see Note 22)	Treasury Shares (see Note 22)	Revaluation Reserves (see Note 22)	Retained Earnings (see Note 22)	Total
Balance at January 1, 2025	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 41,690,075)	P 15,183,020,337	P 39,796,574,884
Total comprehensive income for the year	-	-	-	(12,428,962)	734,669,122	722,240,160
Balance at December 31, 2025	**P 10,000,000,000**	**P 27,401,474,928**	**(P 12,746,230,306)**	**(P 54,119,037)**	**P 15,917,689,459**	**P 40,518,815,044**
Balance at January 1, 2024	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 59,504,202)	P 14,772,344,024	P 39,368,084,444
Reissuance of treasury shares	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	17,814,127	410,676,313	428,490,440
Balance at December 31, 2024	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 41,690,075)	P 15,183,020,337	P 39,796,574,884
Balance at January 1, 2023	P 10,000,000,000	P 24,909,315,997	(P 14,171,643,658)	P 43,661,546	P 13,074,898,119	P 33,856,232,004
Reissuance of treasury shares	-	2,492,158,931	1,425,413,352	-	-	3,917,572,283
Total comprehensive income for the year	-	-	-	(103,165,748)	1,697,445,905	1,594,280,157
Balance at December 31, 2023	P 10,000,000,000	P 27,401,474,928	(P 12,746,230,306)	(P 59,504,202)	P 14,772,344,024	P 39,368,084,444

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024 (As Restated - see Note 2)	2023 (As Restated - see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 803,882,545**	P 537,044,859	P 1,737,576,422
Adjustments for:				
Interest expense	18	**4,584,781,163**	4,472,435,806	3,116,424,481
Depreciation and amortization	16	**3,316,877,766**	3,045,610,164	2,491,755,094
Net gain from contract recission	10, 18	**(1,454,002,583)**	-	-
Interest income	18	**(120,826,771)**	(166,209,662)	(164,345,152)
Unrealized foreign currency exchange - net		**29,651,909**	236,963,392	76,806,809
Loss on sale of property and equipment - net	10, 17	**1,544,736**	6,610,782	77,657,384
Gain on transfer of land	10	**-**	(613,090,830)	-
Gain on reversal of liability	14	**-**	(263,392,857)	-
Operating profit before working capital changes		**7,161,908,765**	7,255,971,654	7,335,875,038
Decrease (increase) in trade and other receivables		**(317,486,959)**	(232,632,387)	31,235,851
Decrease (increase) in advances to related parties		**2,061,227,664**	(1,511,267,058)	355,883,247
Decrease (increase) in inventories		**9,180,756**	(19,969,896)	(38,186,393)
Decrease (increase) in prepayments and other current assets		**(2,074,184,107)**	294,029,417	(569,740,340)
Decrease (increase) in other non-current assets		**(74,355,399)**	259,215,196	448,737,033
Decrease (increase) in trade and other payables		**905,195,351**	(4,672,773,462)	(4,667,844,672)
Decrease in advances from related parties		**(530,844,007)**	(1,447,614,075)	(1,813,949,292)
Increase in retirement benefit obligation		**65,205,049**	34,409,067	15,382,081
Decrease in other non-current liabilities		**(43,039,849)**	(1,363,548,698)	(3,326,153,640)
Cash generated from (used in) operations		**7,162,807,264**	(1,404,180,242)	(2,228,761,087)
Cash paid for income taxes		**(69,213,423)**	(126,368,546)	(40,130,517)
Net Cash Used in From Operating Activities		**7,093,593,841**	(1,530,548,788)	(2,268,891,604)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investment in subsidiaries	9	**(2,904,556,250)**	(540,550,000)	-
Acquisitions of property and equipment	10	**(2,332,573,201)**	(3,004,802,822)	(1,721,774,421)
Advances made to suppliers		**(1,022,505,089)**	(463,805,000)	(385,373,165)
Interest received		**122,289,920**	177,479,450	164,358,068
Proceeds from disposal of property and equipment	10	**67,248,702**	12,383,810	25,751,972
Net Cash Used in Investing Activities		**(6,070,095,918)**	(3,819,294,562)	(1,917,037,546)
Balance Carried Forward		**P 1,023,497,923**	(P 5,349,843,350)	(P 4,185,929,150)

	Notes	2025	2024	2023
Balance Brought Forward		**P 1,023,497,923**	(P 5,349,843,350)	(P 4,185,929,150)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of additional loans	13	**15,978,400,000**	25,500,000,000	12,500,000,000
Repayments of interest-bearing loans and borrowings	13	**(14,155,522,175)**	(15,985,236,000)	(11,267,594,203)
Interest paid		**(5,225,397,866)**	(4,352,693,286)	(3,924,906,776)
Payments of lease liabilities	10	**(629,994)**	(719,977)	(719,977)
Reissuance of treasury shares	22	-	-	3,917,572,283
Net Cash From (Used In) Financing Activities		**(3,403,150,035)**	5,161,350,737	1,224,351,327
EFFECTS OF EXCHANGE RATES CHANGES ON CASH		**51,588,832**	(17,392,976)	206,080,835
NET DECREASE IN CASH		**(2,328,063,280)**	(205,885,589)	(2,755,496,988)
CASH AT BEGINNING OF YEAR		**10,210,062,625**	10,415,948,214	13,171,445,202
CASH AT END OF YEAR		**P 7,881,999,345**	P 10,210,062,625	P 10,415,948,214

Supplemental Information on Non-cash Investing and Financing Activities:

1) In 2025, the Company and a related party agreed to rescind an agreement covering the transfer of assets related to Courtyard Iloilo. As a result, the Company derecognized the related assets and liabilities amounting to P3.3 billion and P3.1 billion, respectively (see Notes 10, 14, and 18). There was no similar transaction in 2024 and 2023.

2) In 2025, the Company acquired 100% ownership of BNHGI. The subscription payable amounting to P1.6 billion is presented under Trade and Other Payables in the 2025 statement of financial position (see Notes 1 and 14). There was no similar transaction in 2024 and 2023.

3) The Company capitalized borrowing costs amounting to P131.1 million, P171.4 million, and P859.5 million in 2025, 2024, and 2023, respectively, representing the actual borrowing costs incurred on loans obtained for the development of a portion of the Company's properties (see Note 10).

4) The Company recognized amortization of debt issuance costs amounting to P87.1 million, P90.3 million, and P59.7 million in 2025, 2024 and 2023, repectively (see Note 13).

5) In 2024, the Company transferred a certain parcel of land with cost amounting to P0.4 billion to a related party under common ownership for a consideration amounting to P1.0 billion. The balance remains unpaid as of December 31, 2025 and 2024 (see Notes 10 and 21).

See Notes to Financial Statements.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024, AND 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Travellers International Hotel Group, Inc. (the Company) was incorporated in the Philippines on December 17, 2003 primarily to engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses, which include holding investments in and operating casinos and other gaming activities as part of its main operations. On October 14, 2010, the Philippine Securities and Exchange Commission (SEC) approved the Company's amendment to its Articles of Incorporation, as approved in a resolution by the Company's stockholders on August 29, 2010, to include in its primary purposes the guaranteeing of obligations of other related entities. The Company's casinos and restaurants in Resorts World Manila started commercial operations on August 28, 2009 while the Company's hotel and restaurant operations in Maxims Manila Hotel (Maxims), Marriott Hotel Manila (Marriott) and Holiday Inn Express Manila Newport City (Holiday Inn Express; formerly, Remington Hotel) started on various dates in 2009 to 2011. The Marriott Grand Ballroom (MGB), a world-class events and convention center, formally opened its doors to the public in 2015, while the Marriott West Wing (MWW), an expansion of Marriott, opened in 2016. In 2018, the Company opened its Courtyard by Marriott Iloilo project (Courtyard Iloilo), as well as Hilton Manila which is owned by the Company's wholly owned subsidiary, Deluxe Hotels and Recreation Inc (DHRI). Further, in January 2019, the Company opened Sheraton Manila Hotel, which is owned by the Company's wholly owned subsidiary, Lucky Star Hotels and Recreation Inc (LSHRI). In 2020, Maxims ceased its operation and was temporarily converted as a dormitory to house essential employees of the Company. In 2021, Maxims was impaired, as management decided to cease the operations of such hotel and use of its brand. In 2022, the Company opened another hotel brand in Hotel Okura Manila. The Company engages in casino operations under the Provisional License Agreement with the Philippine Amusement and Gaming Corporation (PAGCOR) dated June 2, 2008 (see Note 23.3).

The Company's common shares were listed and traded in the Philippine Stock Exchange (PSE) from November 2013 until October 21, 2019, when it voluntarily delisted from the PSE (see Note 22.1).

As at December 31, 2025 and 2024, the Company holds direct ownership interests in the companies in the succeeding page that were established to engage in businesses related to the main business of the Company.

Name of Subsidiaries/Associate	Explanatory Notes	Percentage of Ownership 2025	2024
Subsidiaries:			
APEC Assets Limited (APEC)	(b)	**100.0%**	100.0%
Aquamarine Delphinium Leisure and Recreation Corporation (ADLRC)	(a)	**100.0%**	100.0%
Boracay Newcoast Hotel Group, Inc. (BNHGI)	(l)	**100.0%**	-
Bright Pelican Leisure and Recreation Inc. (BPLRI)	(a)	**100.0%**	100.0%
Brightleisure Management, Inc. (BLMI)	(c)	**100.0%**	100.0%
Brilliant Apex Hotels and Leisure Corporation (BAHLC)	(a)	**100.0%**	100.0%
Coral Primrose Leisure and Recreation Corporation (CPLRC)	(a),(m)	**66.0%**	100.0%
DHRI	(a)	**100.0%**	100.0%
Entertainment City Integrated Resorts & Leisure, Inc. (ECIRLI)	(a)	**100.0%**	100.0%
FHTC Entertainment & Productions Inc. (FHTC)	(d)	**100.0%**	100.0%
Golden Peak Leisure and Recreation, Inc. (GPLRI)	(a)	**100.0%**	100.0%
Grand Integrated Hotels and Recreation (GIHRI)	(a)	**100.0%**	100.0%
Grandservices, Inc. (GSI)	(c)	**100.0%**	100.0%
Grandventure Management Services, Inc. (GVMSI)	(c)	**100.0%**	100.0%
Lucky Panther Amusement and Leisure Corporation (LPALC)	(a)	**100.0%**	100.0%
LSHRI	(a)	**100.0%**	100.0%
Luminescent Vertex Hotels and Leisure Corporation (LVHLC)	(a)	**100.0%**	100.0%
Majestic Sunrise Leisure & Recreation, Inc. (MSLRI)	(a)	**100.0%**	100.0%
Manhattan Resorts, Inc. (MRI)	(a), (i)	**100.0%**	100.0%
Netdeals, Inc. (NDI)	(e)	**100.0%**	100.0%
NWR Plus Digital Solutions Inc. (NPDSI) [formerly Agile Fox Amusement and Leisure Corporation]	(a), (n)	**60.0%**	100.0%
Newport Star Lifestyle, Inc. (NSLI)	(f)	**100.0%**	100.0%
NewportVMX Entertainment, Inc. (NEI)	(d)	**100.0%**	-
Royal Bayshore Hotels & Amusement, Inc. (RBHAI)	(c)	**100.0%**	100.0%
Scarlet Milky Way Amusement and Leisure Corporation (SMWALC)	(a)	**100.0%**	100.0%
Sparkling Summit Hotels and Leisure Corporation (SSHLC)	(a)	**100.0%**	100.0%
Valiant Leopard Amusement and Leisure Corporation (VLALC)	(a)	**100.0%**	100.0%
Vermillion Triangulum Amusement and Leisure Corporation (VTALC)	(a)	**100.0%**	100.0%
Westside Bayshore Holdings Corporation (WBHC)	(k)	**60.0%**	-
Westside Theatre, Inc. (WTI)	(d)	**100.0%**	100.0%
Westside City, Inc. (WCI) [formerly Westside City Resorts World, Inc.]	(g)	**95.0%**	95.0%
Sapphire Carnation Leisure and Recreation Corporation (SCLRC)	(a), (j)	**53.0%**	51.0%
Associate –			
Manila Bayshore Properly Holdings, Inc. (MBPHI)	(h)	**32.6%**	32.6%

Explanatory Notes:

(a) Established to engage, operate and manage gaming enterprises, amusement and leisure activities, theaters and cinema houses, private clubs, hotels/motels, apartments and similar facilities, shopping malls and incidental activities thereto.

(b) A foreign corporation established to provide transportation and other related services to valued patrons of the Company.

(c) Established to provide manpower needs in the casino, hotel, food and beverage operations of the Company.

(d) Established to engage in entertainment production including, among others, performing arts/theater, music, motion picture, concert, dance and ballet, audio recording, interactive media production, and incidental activities thereto, including marketing, distribution, advertising and public relations.

(e) Established to conduct and carry on the business of web and internet solutions, promotion and marketing of business establishments, locally and abroad, with the use of the web and the internet as its primary medium.

(f) Established to facilitate enhancements to services of various institutions, within and outside the Philippines by providing related services to promote the sale consumption, utilization and patronage of goods, merchandise and services of producers, retailers, wholesalers and traders.

(g) Established to primarily engage in the business of hotels, restaurants, leisure parks, entertainment centers and other related businesses which include holding investments in and opening casinos and other gaming activities as part of its main operations. WCI has three wholly owned subsidiaries namely, Purple Flamingos Amusement and Leisure Corporation (PFALC), Red Falcon Amusement and Leisure Corporation (RFALC), and Captain View Group Limited (Captain View). Captain View is a foreign entity incorporated in the British Virgin Islands and is engaged in rendering of consultancy and advisory services, among others. PFALC and RFALC have not yet started commercial operations as of December 31, 2025.

(h) Established to engage in real estate business, particularly construction of condominium units and buildings (see Note 9).

(i) MRI is newly incorporated in 2024 with 500,000,000 issued shares which were fully subscribed by the Company. It is established to engage in the business of hotels, inns, apartments, private clubs, apartelles, leisure parks, entertainment centers and other tourist or leisure-oriented establishments.

(j) As of December 31, 2025, a third party owns 47% interest, while the Company retains 53.0% ownership interest. The Company continues to hold control over SCLRC (see Note 9).

(k) WBHC is newly incorporated in 2025. The Company which holds 600,000 shares represents 60% direct ownership to WBHC. These shares were subscribed for a total consideration of P1.2 billion. WBHC has a wholly owned subsidiary named Entertainment City Resorts Corporation (ECRC). WBHC is established to subscribe for, hold, assign, or otherwise dispose of property, including shares of stock, notes, and other securities of any corporation, while ECRC was established to acquire, purchase, develop, operate, dispose of, or hold for investment in the business of hotels, inns, apartments, private clubs, leisure parks and other leisure-oriented establishments. These entities have not yet started commercial operations as of December 31, 2025.

(l) BNHGI is a wholly owned subsidiary acquired in 2025 by the Company. It is established to acquire, own, lease, improve, develop, encumber, exchange, dispose of, hold for investment, operate and manage hotels, apartments, inns and other accommodation and lodging activities. The Company has not yet started commercial operations as of December 31, 2025. The Company accounted for the investment in BNHGI as an asset acquisition [see Note 3.1(f)]. The subscription payable related to the acquisition is presented under Trade and other payables in the 2025 statement of financial position (see Note 14).

(m) As of December 31, 2025, a third party owns 34.0% interest, while the Company retains 66.0% ownership interest. The Company continues to hold control over CPLRC (see Note 9).

(n) NWR Plus Digital Solutions Inc. (NPDSI) was formerly known as Agile Fox Amusement and Leisure Corporation. It is established to acquire, own, use, improve, develop, maintain, dispose, hold or otherwise deal with real and personal property of all kinds, to establish, operate, manage and engage in the business of gaming enterprises, amusement and recreation centers, theaters, cinema houses, inns and other related and allied businesses. NPDSI has a wholly owned subsidiary namely Newport World Gaming Solutions, Inc. (NWGSI), formerly known as Magenta Centaurus Amusement and Leisure Corporation.

As at December 31, 2025 and 2024, NDI has ceased operations while all other subsidiaries have not yet started commercial operations, except for APEC, BLMI, DHRI, FHTC, GIHRI, GSI, GVMSI, LSHRI, SCLRC, CPRLC, RBHAI and LPALC.

The subsidiaries, associate and joint venture under the Group are all incorporated in the Philippines, except for APEC and Captain View which are incorporated in the British Virgin Islands. The principal place of business of these domestic subsidiaries, associate and joint venture is within Metro Manila, Philippines.

As at December 31, 2025 and 2024, the following stakeholders have direct ownership interests in the Parent Company's outstanding common shares:

Name of Stockholder	Explanatory Notes	Percentage of Ownership	
		2025	2024
Alliance Global Group, Inc. (AGI)	(a)	**42.0%**	42.1%
Adams Properties, Inc.	(b)	**19.6%**	19.6%
Star Cruises Philippines Holdings B.V.	(c)	**15.7%**	15.7%
Asian Travellers Ltd.	(d)	**9.9%**	9.9%
Premium Travellers Ltd.	(d)	**5.8%**	5.8%
First Centro, Inc. (FCI)	(e)	**3.9%**	3.9%
Megaworld Corporation (Megaworld)	(f)	**1.6%**	1.6%
Other related parties		**1.4%**	1.1%
Public ownership		**0.1%**	0.3%

Explanatory Notes:

(a) AGI, the Company's parent company, is a publicly listed domestic holding company with diversified investments in real estate, food and beverage, quick service restaurant, and tourism-oriented business. It has control over the Company through its power over the operations and policy arising from its substantive rights and current ability to direct the relevant activities of the Company. The registered office of AGI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(b) A domestic company and a subsidiary of AGI with registered office located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(c) A foreign holding entity, wholly owned by Genting Hongkong Limited (GHL), duly incorporated and with registered offices at Herikerbergweg 238 Luna Arena, 1101 CM Amsterdam, Zuidoost, The Netherlands.

(d) Foreign entities duly incorporated and with registered offices at Portcullis Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands.

(e) A wholly owned subsidiary of AGI engaged in the business of developing and selling its own real estate properties and acting as agent or broker for sale transactions of real properties of other entities. The registered office of FCI is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyberpark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

(f) A publicly listed subsidiary of AGI which is presently engaged in property-related activities, such as, project design, construction and property management. The registered office of Megaworld is located at 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City.

The Company's registered office, which is also its principal place of business, is located at 10/F Newport Entertainment & Commercial Centre, Newport Boulevard, Newport Cybertourism Economic Zone, Pasay City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2025 (including the comparative financial statements as of December 31, 2024 and for the years ended December 31, 2025 and 2024) were authorized for issue by the Company's Board of Directors (BOD) on April 15, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2025, the Company reassessed the classification of certain creditable withholding taxes (CWT), presented as part of Prepayments, and input value-added tax (VAT) balances. As a result, a portion of these balances were reclassified from Prepayments and Other Current Assets account to Other Non-current Assets account to reflect their expected utilization beyond twelve months from the reporting date.

The amounts reclassified to non-current assets amounted to P291.2 million for CWT and P449.8 million for input VAT as of December 31, 2024, and P271.0 million for CWT and P729.3 million for input VAT as of January 1, 2024. In accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company restated the comparative information and presented a third statement of financial position as of January 1, 2024 to reflect the effect of the reclassifications.

The reclassifications had no impact on the Company's total assets, net profit, equity for the periods presented. Accordingly, there was no effect on the statements of comprehensive income and statements of changes in equity for the years ended December 31, 2024 and 2023.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2025 that are Relevant to the Company

The Company adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Company.

(b) Effective Subsequent to 2025 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).

(ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to Contracts Referencing Nature-dependent Electricity* (effective from January 1, 2026).

(iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 Separate Financial Statements and Investments in Subsidiaries and Associate

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS Accounting Standards.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

2.4 Financial Instruments

(a) Financial Assets

Classification of Financial Assets

The Company's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

(i) Financial Assets at Amortized Cost

The Company's financial assets at amortized cost include Cash, Trade and Other Receivables – Net, Advances to Related Parties – Net, Restricted short-term placements and Investments in time deposits under Prepayments and Other Current Assets and Refundable deposits and Receivable from employees under Other Non-current Assets – Net.

(ii) Financial Assets at FVOCI

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as at fair value through profit or loss. The Company has designated its proprietary club shares as at FVOCI on initial recognition.

Impairment of Financial Assets

The expected credit losses (ECL) for all trade and other receivables and other financial assets at amortized cost are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

Put Option Accounted for as a Financial Guarantee Contract

The put option meets the definition of financial guarantee contract, wherein it provides the holder of the instrument with protection against an adverse event (put option events).

The Company considers the related risk transferred on the financial guarantee as significant. Accordingly, it is accounted by the Company under PFRS 9.

In measuring the put option under ECL model, the Company applies the general approach of ECL measurement, wherein the Company recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities of the Company include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities, License fee payables, and Liability for unredeemed gaming points), Advances from Related Parties and Other Non-current Liabilities.

2.5 Derivative Financial Instruments

Gaming transactions of the Company with fixed-odds wagers known at the time of bet are considered derivative transactions wherein the Company takes a position against a patron and the resulting unsettled position becomes a derivative instrument under PFRS 9 that is settled by the Company to or collected from the patron when the outcome of the wager has been determined. See Note 2.9 for the accounting policy regarding gaming transactions covered under PFRS 9.

The derivative liability arising from outstanding or unwon slot machine jackpot is recognized as Slot jackpot liability included under Trade and Other Payables account in the statements of financial position [see Note 2.4(b)].

2.6 Inventories

The cost of inventories is determined using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of operating and other supplies is the current replacement cost.

2.7 Property and Equipment

Except for land, property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	40 years
Gaming machines and other equipment	5 to 10 years
Transportation equipment	5 to 10 years
Furniture, fixtures and equipment	3 to 5 years

2.8 Investment Property

Investment property, which pertains to a portion of building and building improvements held under operating leases, is accounted for under the cost model, whereby the asset is subsequently measured at cost less accumulated depreciation and impairment, if any.

Depreciation of investment property is computed on a straight-line basis over the asset's estimated useful life of 40 years.

2.9 Revenue and Expense Recognition

Revenue arises mainly from gaming transactions, hotel accommodations, food and beverage operations, and other incidental activities related to the main operations of the Company.

The Company participates in games of chance with customers, with both the Company and the customer having the chance to win or lose money or other items of economic value based on the outcome of the game. The payout for wagers placed on gaming activities typically is known at the time the wager is placed (i.e., fixed odds wagering). These gaming transactions are accounted for as derivative transactions in accordance with PFRS 9 (see Note 2.5). Gaming revenues from these transactions are recognized at fair value, which represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company also generates revenue from online table games and online slot machines operated by the Company in partnership with an accredited online gaming operator. The Company, with the online gaming operator, participates in games of chance with customers. As such, these gaming transactions are also accounted for as derivative transactions in accordance with PFRS 9.

Gaming revenues generated from table games and slot machines are determined from the net wins (losses) from gaming activities, which represent the difference between coins and currencies deposited into the gaming machines or operations and the payments to customers and, for other games, the difference between gaming wins and losses, less sales incentives and other adjustments (i.e., promotional allowances). Promotional allowances, presented as a reduction of gaming revenues in the statement of comprehensive income, include rebates under the casino rebates program and the provision for the value of the gaming points earned by members (i.e., using a membership card provided by the Company) by reference to the relative fair values of the complimentary goods or services. Members earn points on gaming activity, and such points are redeemable for complimentary goods and services such as rooms, food, beverages and others. Members may also earn special coupons or awards as determined during marketing promotions.

On the other hand, the Company also participates in games in which a customer has a chance to win or lose money or other items of economic value, with the Company receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game (i.e., certain tournaments, including card games, and bingo operations). These gaming-related activities are covered under PFRS 15, *Revenue from Contracts with Customers*.

The Company enters into transactions involving hotel accommodations, food and beverage operations, and other incidental activities. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date i.e., generally when the customers have acknowledged the Company's right to invoice.

The Company also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)]:

(a) *Hotel accommodation* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

(b) *Food, beverage and others* – Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred are due upon receipt by the customer.

(c) *Bingo and tournament income* – Revenues from these gaming-related activities are recognized over time as the services for administering the games are rendered. The amount of revenue recognized is equivalent to the fee collected for administering the game.

(d) *Rendering of services* – Revenue is recognized over time (i.e., time-and-materials basis as the services are provided) until the performance of contractually agreed tasks has been substantially rendered. Revenue from rendering of services include income from other non-gaming and incidental activities such as cinema and production shows, parking space, commissions, and other services (see Note 17).

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred.

2.10 Leases – Company as a Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset 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 which is from 2 to 16 years.

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

2.11 Impairment of Non-financial Assets

The Company's investments in subsidiaries and an associate, advances for future investment, property and equipment (including right-of-use assets), investment property and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

2.12 Employee Benefits

The Company provides short-term and post-employment benefits to employees through defined benefit and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of the Accounting Treatment of Gaming Revenues under PFRS 9 and PFRS 15

The Company exercises judgment in determining whether its gaming transactions and gaming-related activities are within the scope of PFRS 9 or PFRS 15. In making this judgment, management considers whether both the Company and the patrons have the chance to win or lose money or other items of economic value based on the outcome of the game; or, only the patron has the chance to win or lose money or other items of economic value, with the Company only receiving a fee for administering the game, rather than the Company being at risk to win or lose based on the outcome of the game. When the Company takes a position against a patron, the resulting unsettled wager or position is a financial instrument that would likely meet the definition of derivative financial instrument and is accounted for under PFRS 9.

Relative to this, the management has determined that its gaming revenues from table games and slot machines are within the scope of PFRS 9 while gaming-related revenues from administering bingo and tournament games are within the scope of PFRS 15.

(b) Determination of Timing of Satisfaction of Performance Obligations

(i) Food, Beverage and Others

In determining the appropriate method to use in recognizing the Company's revenues from food, beverage and other consumer goods, management determines that revenue is recognized at a point in time when the control of the goods has passed to the customer, i.e., generally when the customer acknowledged delivery of goods. The service component of the restaurant operations is deemed as an insignificant cause on the timing of satisfaction of performance obligation since it is only a very short passage of time until the customer receives and consumes all the benefits after delivery of the food and beverage items.

(ii) Hotel Accommodations

The Company determines that its revenue from hotel accommodations shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of hotel services as it performs.

(c) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. In determining the transaction price, the Company considers the effect of any sales incentives or discounts. In the allocation of the transaction price, the Company considers the amount at which it would sell or purchase the promotional merchandise, hotel, food and beverage, and other incentives separately as the stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties (i.e., VAT).

(d) Determination of ECL on Trade and Other Receivables, and Advances to Related Parties

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables, and advances to related parties are disclosed in Notes 24.2(b) and (c), respectively.

(e) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For the lease of land, the renewal option is subject to mutual agreement of the lessor and the lessee. This type of renewal option is not considered under PFRS 16, since the option does not create an enforceable rights and obligations for the Company. Thus, only the 25-year non-cancellable term were considered.

For lease of commercial space, the factors considered relevant are (a) if renewal option creates a rights and obligations to the Company that are enforceable, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Company did not consider the renewal option over the lease of commercial space, as the option to renew is exclusive on the lessor; hence, does not create enforceable rights and obligations to the Company.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(g) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company has entered into various lease agreements. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(h) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Company that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements. Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 23.

(i) Determination of Significant Influence

Judgment is exercised in determining whether the Company has significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Company determined that it has significant influence in MBPHI; hence, the investee is treated as an associate (see Note 9).

(j) Determination of Accounting Treatment of Put Option

The Company determined that the put option contract entered by the Company meets the definition of financial guarantee under PFRS 4, *Insurance Contracts*. Although a financial guarantee meets the definition of insurance contract under PFRS 4, if the risk transferred is significant, the issuer of the guarantee contract should apply PFRS 9.

The Company determined that the risk transferred to the Company is significant, hence, the put option should be accounted for under PFRS 9. In 2025, the put option has been rendered inoperative (see Note 23.5).

(k) Determination of Classification of CWT and Input VAT

Management assesses the recoverability of CWT at each reporting date based on the expected timing of application against future income tax payable or recovery through refund. Similarly, management assesses the input VAT as recoverable based on its expectation of generating VAT-able sales in the future, which give rise to sufficient output VAT to absorb the accumulated input VAT. As of December 31, 2025 and 2024, management believes that the carrying amount of CWT and input VAT are recoverable, considering the Company's expected income subject to income tax and VAT in the foreseeable future and its ability to apply the credits against income tax liabilities and/or pursue recovery through refund. Accordingly, no impairment provision has been recognized.

Management assesses the future utilization of the CWT and input VAT to distinguish between the current and non-current portion. The Company uses the historical utilization and expectations on growth in its revenues and profits to determine the amount to be allocated for utilization within the next 12 months, recording the residual amount in the non-current assets section of the statement of financial position.

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 24.2(b) and (c).

Further, the measurement of the put option value under the ECL model requires the use of significant assumptions with regards to the possibility of any of the put option events from happening in the future and the possible change in the valuation of the collateral within the 12-month assessment. Explanation of the inputs and assumptions used are detailed in Note 23.5.

(b) Determination of Net Realizable Values of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Company's inventories, which include perishable goods and operating supplies, are affected by certain factors which may cause inventory losses.

Moreover, future realization of the carrying amounts of inventories is affected by price changes in different market segments of food and beverages and operating supplies. Both aspects are considered key sources of estimation uncertainty which may cause significant adjustments to the Company's inventories within the next reporting period.

In 2025, 2024 and 2023, no inventory write-down was recognized by the Company as management believes that the carrying value of inventories does not exceed its net realizable value (see Note 7).

(c) Estimation of Useful Lives of Property and Equipment, Right-of-use Assets and Investment Property

The Company estimates the useful lives of property and equipment, right-of-use assets and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment (including right-of-use assets) are presented in Note 10, while the investment property is presented in Note 11. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

In 2023, management reassessed the estimated useful life of the buildings in Site B that are treated as part of Property and equipment account and determined that the original estimated useful life needs to be revised from 30 to 40 years based on an independent structural engineering evaluation. Management applied such change as at January 1, 2023 based on the carrying amounts of the assets as at such date. Depreciation in 2023 would have been higher by P78.3 million if not for the change in estimated useful life (see Note 10.1). There was no similar change in estimated useful life of property and equipment, and investment property in 2025 and 2024.

(d) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(e) Fair Value Measurement of Derivative Financial Instruments

Fair value measurement for gaming revenues under PFRS 9 represents the price that would be received to sell a wager position or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less any promotional allowances and other similar adjustments.

(f) Impairment of Non-Financial Assets

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Impairment loss recognized on the property and equipment is discussed in Note 10.1. There were no impairment losses recognized on the Company's investments in subsidiaries and an associate, right-of-use assets, investment property, and other non-financial assets based on management's evaluation in 2025, 2024 and 2023.

(g) Determination of Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 11 is determined by the Company based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 26.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of December 31, 2025 and 2024, the Company determined that there were no significant circumstances that may affect the fair value determination of investment property.

(h) Valuation of Retirement Benefit Obligation

The determination of the Company's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the retirement benefit obligation in the next reporting period. In accordance with PFRS Accounting Standards, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of retirement benefit obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 19.2.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying amount of net deferred tax assets and relevant disclosures as at December 31, 2025 and 2024 are presented in Note 20.1.

(j) Measurement of Gaming Points and Estimation of Liability for Unredeemed Gaming Points

The Company provides gaming points to its patrons based on gaming activity. Gaming points are redeemable in a wide selection of redemption categories. The Company recognizes the fair values of gaming points, based on redemption terms, historical redemption pattern of patrons and the fair value of promotional activities per source (i.e., hotel, food and beverage, and others). The Company reassesses the measurement basis used for calculating the fair value of gaming points on a regular basis. The carrying value of the gaming points accrued by the Company is presented as Liability for unredeemed gaming points under Trade and Other Payables account in the statements of financial position (see Note 14).

4. SEGMENT INFORMATION

4.1 Business Segments

In identifying its operating segments, management generally follows the Company's main's service license, which represents the main services provided by the Company. Such services are organized into two major business segments – casino and non-casino segments. These segments of the Company, engaged in business activities from which revenues and expenses, including revenues and expenses that relate to transactions with other segment, are reviewed regularly by the Executive Committee (ExeCom), acting as the chief operating decision-makers of the Company. The ExeCom makes decisions about resources to be allocated to each of the segments of the Group and assesses its performances, for which discrete financial information is made available to make the decisions.

Presented below is the basis of the Company in reporting its primary segment information.

(a) The Casino segment is engaged in casino operations. This segment includes the operation of Newport World Resorts.

(b) The Non-casino segment includes the operations of various brands of hotels (Marriott, Holiday Inn Express, and Hotel Okura), leasing (Newport Entertainment Commercial Center and others), convention center (MGB), performing arts theater (Newport Performing Arts Theater), cinema (Newport Cinemas) and other activities which are peripheral to the casino operations.

The Company has not identified any segment based on geographical location (see Note 4.4). In addition, there have been no significant changes from prior periods in the measurement methods used to determine reported profit or loss.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. They include all operating assets used by a segment and consist principally of operating cash, trade and other receivables, inventories, property and equipment, and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables and interest-bearing loans and borrowings.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transactions are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2025, and 2024 and 2023 can be analyzed as follows:

(Amounts in PHP)	Casino			Non-Casino			Total		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023
NET REVENUES									
Sales to external customers	**24,232,325,864**	23,390,242,437	24,492,457,639	**5,873,114,506**	5,902,573,022	5,456,727,848	**30,105,440,370**	29,292,815,459	29,949,185,487
Intersegment revenues	**-**	-	-	**760,566,543**	364,318,942	430,521,110	**760,566,543**	364,318,942	430,521,110
Segment revenues	**24,232,325,864**	23,390,242,437	24,492,457,639	**6,633,681,049**	6,266,891,964	5,887,248,958	**30,866,006,913**	29,657,134,401	30,379,706,597
COSTS AND OTHER OPERATING EXPENSES									
Cost of sales, services and expenses excluding depreciation	**17,251,613,693**	17,106,009,789	17,810,949,500	**5,638,760,740**	5,174,408,190	4,956,825,142	**22,890,374,433**	22,280,417,979	22,767,774,642
Depreciation	**715,575,800**	636,616,950	586,013,860	**2,601,301,966**	2,408,993,214	1,905,741,234	**3,316,877,766**	3,045,610,164	2,491,755,094
Other income – net	**-**	-	-	**(1,454,002,583)**	(876,483,687)	-	**(1,454,002,583)**	(876,483,687)	-
Finance costs (income) and other charges – net	**2,528,964**	3,072,882	2,562,804	**4,545,779,245**	4,303,153,262	2,949,516,525	**4,548,308,209**	4,306,226,144	2,952,079,329
Profit (loss) before tax	**6,262,607,407**	5,644,542,816	6,092,931,475	**(4,698,158,319)**	(4,743,179,015)	(3,924,833,943)	**1,564,449,088**	901,363,801	2,168,097,532
Tax expense	**-**	-	-	**(69,213,423)**	(126,368,546)	(40,130,517)	**(69,213,423)**	(126,368,546)	(40,130,517)
SEGMENT NET PROFIT (LOSS)	**6,262,607,407**	5,644,542,816	6,092,931,475	**(4,767,371,742)**	(4,869,547,561)	(3,964,964,460)	**1,495,235,665**	774,995,255	2,127,967,015
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**9,676,272,493**	10,790,880,600	11,102,288,447	**111,070,757,039**	111,869,653,303	108,748,751,646	**120,707,029,532**	122,660,533,903	119,851,040,093
Segment liabilities	**4,670,814,785**	6,800,793,274	10,285,356,292	**75,557,399,703**	76,063,165,745	70,197,599,357	**80,228,214,488**	82,863,959,019	80,482,955,649

Currently, the Company's operation is substantially concentrated in one location and any revenues derived from operations outside such location is not considered by management to significantly affect the decisions of the ExeCom; hence, the Company did not present any information related to geographical segments (see Note 4.1).

Revenues from any of the Company's major customers did not exceed 10% of the Company's revenues in all of the years presented.

4.5 Reconciliations

Presented below is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

(Amounts in PHP)	**2025**	2024	2023
Net revenues			
Total segment revenues	**30,866,006,913**	29,657,134,401	30,379,706,597
Elimination of intersegment revenues	**(760,566,541)**	(364,318,942)	(430,521,110)
Revenues as reported in profit or loss	**30,105,440,372**	29,292,815,459	29,949,185,487
Net profit or loss			
Segment net profit	**1,495,235,665**	774,995,255	2,127,967,015
Elimination of intersegment transactions	**(760,566,543)**	(364,318,942)	(430,521,110)
Net profit as reported	**734,669,122**	410,676,313	1,697,445,905
Assets			
Segment assets	**120,747,029,532**	122,660,533,903	119,851,040,093
Total assets reported in the statements of financial position	**120,747,029,532**	122,660,533,903	119,851,040,093
Liabilities			
Segment liabilities	**80,228,214,488**	82,863,959,019	80,482,955,649
Total liabilities reported in the statements of financial position	**80,228,214,488**	82,863,959,019	80,482,955,649

5. CASH

Cash includes the following components as at December 31:

(Amounts in PHP)	**2025**	2024
Cash on hand	**6,339,404,691**	7,369,787,371
Cash in banks	**1,542,594,654**	2,840,275,254
	7,881,999,345	10,210,062,625

Cash in banks generally earn interest based on daily bank deposit rates.

The balance of Cash does not include Restricted short-term placements and Investments in time deposits, which are included as part of Prepayments and Other Current Assets account in the statements of financial position (see Note 8).

Interest income from Cash and Investments in time deposits for the years ended December 31, 2025, 2024 and 2023 is presented as Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

6. TRADE AND OTHER RECEIVABLES – Net

This account is composed of the following:

(Amounts in PHP)	Notes	**2025**	2024
Trade receivables		**2,372,343,699**	2,037,331,889
Others	21.4	**75,452,009**	76,537,979
		2,447,795,708	2,113,869,868
Allowance for impairment	24.2(b)	**(149,273,587)**	(139,639,178)
		2,298,522,121	1,974,230,690

All trade receivables do not earn interest and are subject to credit risk exposure.

Other receivables include certain non-trade receivables and receivables arising from availments of employees of certain condominium units and parking slots in accordance with the Company's employee housing program (see Note 21.4). The non-current portion of such receivables amounting to P81.5 million and P87.8 million as of December 31, 2025 and 2024 is presented as Receivables from employees under Other Non-current Assets account in the statements of financial position (see Note 12).

In previous years, certain trade receivables were found to be impaired using the provision matrix as determined by management; hence, an adequate amount of allowance for impairment has been recognized [see Note 24.2(b)]. In 2025, additional impairment loss amounting to P9.6 million was recognized and presented as impairment losses on financial assets - net in the 2025 statements of comprehensive income. In 2024 and 2023, management assessed that no additional impairment needs to be recognized.

7. INVENTORIES

Inventories as at the end of 2025 and 2024 are stated at cost, which is lower than net realizable value. The details of inventories are shown below.

(Amounts in PHP)	**2025**	2024
Operating supplies	**95,080,341**	119,727,579
Food and beverage	**62,438,549**	49,693,692
Others	**7,050,141**	4,328,516
	164,569,031	173,749,787

Inventories include membership program items representing supplies and other inventory items of the Company's loyalty and membership program. Operating supplies consists of cards, dice and seals, engineering and other supplies used in the operations of the Company. Inventories used in operations are recognized as part of Direct Costs in the statements of comprehensive income (see Note 16).

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

(Amounts in PHP)	Notes	**2025**	2024 [As Restated – see Note 2.1(b)]
Restricted short-term placements	5 23.3(c)	**4,697,600,000**	2,633,667,852
Input VAT - net		**550,671,457**	596,835,106
Prepayments		**493,871,821**	437,323,467
		5,472,143,278	3,667,826,425

Restricted short-term placements consist of escrow accounts in 2025 and money market placements in 2024. The money market placements have maturities ranging from 30 to 90 days and earn effective interest rates of 4.4% to 5.1% per annum. Escrow accounts in 2025 do not earn interest. [see Notes 18 and 23.3(c)].

Prepayments include prepaid taxes, insurance and rentals, which are expected to be realized in the next reporting period.

9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of the carrying values of investments in subsidiaries and an associate as of December 31, 2025 and 2024 (see Note 1) are shown below. These investments are accounted for under the cost method in these separate financial statements of the Company.

(Amounts in PHP)	**2025**	2024
Subsidiaries:		
WCI	**4,037,500,000**	4,037,500,000
BNHGI	**1,606,056,250**	-
WBHC	**1,225,000,000**	-
MCI	**500,000,000**	500,000,000
SCLRC	**40,800,000**	40,800,000
NPDSI	**30,000,000**	250,000
CPLRC	**25,500,000**	250,000
NEI	**18,750,000**	-
BLMI	**10,000,000**	10,000,000
GSI	**10,000,000**	10,000,000
GVMSI	**10,000,000**	10,000,000
NDI	**10,000,000**	10,000,000
NSLI	**10,000,000**	10,000,000
DHRI	**5,000,000**	5,000,000
LSHRI	**5,000,000**	5,000,000
GIHRI	**4,000,000**	4,000,000
APEC	**2,450,550**	2,450,550
WTI	**2,000,000**	2,000,000
ADLRC	**250,000**	250,000
BAHLC	**250,000**	250,000
BPLRI	**250,000**	250,000
ECIRLI	**250,000**	250,000
FHTC	**250,000**	250,000
GPLRI	**250,000**	250,000
LPALC	**250,000**	250,000
LVHLC	**250,000**	250,000
RBHAI	**250,000**	250,000
MSLRI	**250,000**	250,000
SMWALC	**250,000**	250,000
SSHLC	**250,000**	250,000
VLALC	**250,000**	250,000
VTALC	**250,000**	250,000
MCALC	**-**	250,000
	7,555,556,800	4,651,000,550
Associate –		
MBPHI	**1,628,325,935**	1,628,325,935
	9,183,882,735	6,279,326,485

The financial information of MBPHI, which is considered a significant associate, is shown below. MBPHI has no significant other comprehensive income or loss for the applicable periods.

(Amounts in PHP)	**2025**	2024
Current assets	**22,589,283,434**	22,790,713,599
Non-current assets	**3,047,678,933**	1,133,140,254
Total assets	**25,636,962,367**	23,923,853,853
Current liabilities	**10,159,514,421**	9,168,990,964
Non-current liabilities	**2,853,156,363**	2,803,156,834
Total liabilities	**13,012,670,784**	11,972,147,798
Revenue	**3,581,737,203**	5,323,839,655
Net profit	**847,293,311**	1,397,370,027

There are no significant risks, commitments, or contingencies related to the Company's interest in associate during the reporting periods.

10. PROPERTY AND EQUIPMENT – Net

The carrying amounts and accumulated depreciation of property and equipment as at December 31 are shown below.

(Amounts in PHP)	Note	**2025**	2024
Property and equipment	10.1	**70,779,691,711**	74,917,253,556
Right-of-use assets	10.2	**7,271,751**	8,084,869
		70,786,963,462	74,925,338,425

10.1 Carrying Values of Property and Equipment

The gross carrying amounts and accumulated depreciation of property and equipment at beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Land	Building And Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures, and Equipment	Construction in Progress	Total
December 31, 2025							
Cost	6,247,980,251	74,356,192,218	9,587,470,493	249,293,929	8,810,216,180	4,023,472,471	103,274,625,542
Accumulated impairment loss	-	(1,490,805,515)	-	-	-	-	(1,490,805,515)
Accumulated depreciation	-	(16,630,217,521)	(6,843,797,469)	(214,513,799)	(7,315,599,527)	-	(31,004,128,316)
Net carrying amount	**6,247,980,251**	**56,235,169,182**	**2,743,673,024**	**34,780,130**	**1,494,616,653**	**4,023,472,471**	**70,779,691,711**
December 31, 2024							
Cost	6,618,295,251	78,413,293,068	8,632,258,191	232,024,925	8,339,884,537	3,482,466,973	105,718,222,945
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(15,666,921,382)	(6,248,551,009)	(210,854,657)	(6,571,275,790)	-	(28,697,602,838)
Net carrying amount	6,618,295,251	60,643,005,135	2,383,707,182	21,170,268	1,768,608,747	3,482,466,973	74,917,253,556
January 1, 2024							
Cost	7,027,739,421	77,168,277,602	7,612,453,404	237,249,184	7,213,898,801	3,809,326,651	103,068,945,063
Accumulated impairment loss	-	(2,103,366,551)	-	-	-	-	(2,103,366,551)
Accumulated depreciation	-	(13,844,739,828)	(5,640,444,596)	(231,722,939)	(6,097,129,972)	-	(25,814,037,335)
Net carrying amount	7,027,739,421	61,220,171,223	1,972,008,808	5,526,245	1,116,768,829	3,809,326,651	75,151,541,177

A reconciliation of the carrying amounts at the beginning and end of 2025, 2024, and 2023 of property and equipment is shown below.

(Amounts in PHP)	Land	Building And Improvements	Gaming Machines and Other Equipment	Transportation Equipment	Furniture, Fixtures, and Equipment	Construction in Progress	Total
Balance at January 1, 2025, net of accumulated depreciation	6,618,295,251	60,643,005,135	2,383,707,182	21,170,268	1,768,608,747	3,482,466,973	74,917,253,556
Additions	-	280,530,855	1,125,586,854	28,147,577	488,351,939	541,005,498	2,463,622,723
Reclassifications	-	9,409,470	(448,218)	(5,878,685)	(3,082,567)	-	-
Disposals	-	-	(65,309,032)	-	(3,484,406)	-	(68,793,438)
Derecognition	(370,315,000)	(2,908,756,989)	-	-	-	-	(3,279,071,989)
Depreciation charges for the year	-	(1,789,019,289)	(699,863,762)	(8,659,030)	(755,777,060)	-	(3,253,319,141)
Balance at December 31, 2025 net of accumulated depreciation	**6,247,980,251**	**56,235,169,182**	**2,743,673,024**	**34,780,130**	**1,494,616,653**	**4,023,472,471**	**70,779,691,711**
Balance at January 1, 2024, net of accumulated depreciation	7,027,739,421	61,220,171,223	1,972,008,808	5,526,245	1,116,768,829	3,809,326,651	75,151,541,177
Additions	-	30,321,127	1,020,931,386	21,252,527	1,169,468,526	934,229,114	3,176,202,680
Reclassifications	-	1,219,015,419	-	-	42,073,373	(1,261,088,792)	-
Disposals	(409,444,170)	(240,300)	-	-	(18,754,292)	-	(428,438,762)
Depreciation charges for the year	-	(1,826,262,334)	(609,233,012)	(5,608,504)	(540,947,689)	-	(2,982,051,539)
Balance at December 31, 2024 net of accumulated depreciation	6,618,295,251	60,643,005,135	2,383,707,182	21,170,268	1,768,608,747	3,482,466,973	74,917,253,556
Balance at January 1, 2023, net of accumulated depreciation	7,027,739,421	47,435,667,422	1,835,795,166	1,495,580	991,823,954	17,809,348,643	75,101,870,186
Additions	-	264,942,806	687,716,705	10,752,951	546,892,856	1,070,971,497	2,581,276,815
Reclassifications	-	15,070,993,489	-	-	-	(15,070,993,489)	-
Disposals	-	(80,004,835)	(19,801,557)	-	(3,602,963)	-	(103,409,355)
Depreciation charges for the year	-	(1,471,427,659)	(531,701,506)	(6,722,286)	(418,345,018)	-	(2,428,196,469)
Balance at December 31, 2023 net of accumulated depreciation	7,027,739,421	61,220,171,223	1,972,008,808	5,526,245	1,116,768,829	3,809,326,651	75,151,541,177

Construction in progress (CIP) pertains to the accumulated costs incurred on the casino and hotel sites being constructed as part of the Company's investment commitments in accordance with its Provisional License Agreement with PAGCOR [see Note 23.3(c)].

In 2025, the Company and a related party under common ownership agreed to rescind agreement covering the transfer of assets related to Courtyard Iloilo. This resulted in the derecognition of assets with a net carrying amount of P3.3 billion, which is comprised of land (P0.4 billion) and, buildings and building improvements (P2.9 billion) and liabilities amounting to P3.1 billion. The Company also recognized a gain amounting to P1.4 billion as a result of the rescission, which is presented as part of Other Income under Other Income (Charges) – Net in the 2025 statement of comprehensive income (see Notes 14 and 18).

The Company also sold certain property and equipment to third parties for a total consideration of P67.3 million, P12.4 million, P25.8 million in 2025, 2024, and 2023, respectively. In 2025, 2024 and 2023, a loss on disposal was recognized amounting to P1.5 million, P6.6 million, and P77.7 million, respectively, which is presented as part of Miscellaneous under General and Administrative Expenses in the statements of comprehensive income (see Note 18). The outstanding receivable amounting to P50.3 million as of December 31, 2025 is presented as Trade and other receivables – net in the 2025 statement of financial position (see Notes 6). There was no outstanding receivable related to these transactions as of December 31, 2024 and 2023.

In 2024, the Company transferred a parcel of land within its Newport City property to a related party under common ownership for a total consideration of P1.0 billion. A gain on disposal amounting to P613.1 million was recognized from such transfer which is presented as part of Others under Other Income (Charges) – Net in the 2024 statement of comprehensive income (see Note 18). The Company's outstanding receivable relating to the transaction amounting to P1.0 billion as of December 31, 2025 and 2024 is presented as Advances to Related Parties – Net in the consolidated statements of financial position (see Note 21.5). There was no similar transaction in 2025 and 2023.

In 2024 and 2023, the Company reclassified a portion of its CIP to buildings, gaming machines and furniture and fixtures amounting to P1.3 billion and P15.1 billion, respectively, representing properties which are already completed. There was no similar transaction in 2025.

Total property and equipment includes capitalized borrowing costs amounting to P131.1 million in 2025, P171.4 million in 2024 and P859.5 million in 2023 representing the actual borrowing costs, net of related investment income, incurred on specific and general borrowings obtained to fund the construction project (see Note 13). The capitalization rate used was based on effective interest rates of applicable specific and general borrowings ranging from 7.0% to 9.2%, 3.3% to 9.2% and 4.7% to 9.2% in 2025, 2024 and 2023, respectively.

In prior years, management assessed that certain property and equipment was below its recoverable value. Property and equipment related to Maxims Hotel was impaired as the management decided that the hotel and its brand will no longer be used by the Company. Management determined that no further impairment loss needs to be recognized on the Company's property and equipment.

In 2023, management reassessed the estimated useful life of the buildings in Site B and determined that the original estimated useful life of the assets needs to be updated from 30 to 40 years based on an independent structural engineering evaluation [see Note 3.2(c)]. No change in estimated useful life of property and equipment was made in 2025 and 2024.

The amount of depreciation and amortization is allocated as follows (see Note 16):

(Amounts in PHP)	**2025**	2024	2023
Direct costs	**2,381,506,566**	2,307,044,184	1,869,577,216
General and administrative expenses	**871,812,575**	675,007,355	558,619,253
	3,253,319,141	2,982,051,539	2,428,196,469

None of the Company's property and equipment are used as collateral for its interest-bearing loans and borrowings.

10.2 Right-of-use Assets and Lease Liabilities

The Company has leases covering gaming equipment and a parcel of land with remaining terms of 10 years as at December 31, 2025.

The carrying amount of the Company's right-of-use assets as at December 31, 2025 and 2024, and the movement during the years is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**8,084,869**	8,897,987
Amortization	**(813,118)**	(813,118)
Balance at end of year	**7,271,751**	8,084,869

The amortization amounting to P0.8 million in 2025, 2024, and 2023 is presented as part of Depreciation and amortization under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

As at December 31, 2025 and 2024, the outstanding lease liabilities are as follows:

(Amounts in PHP)	**2025**	2024
Current	**336,241**	308,687
Non-current	**4,018,565**	4,354,805
	4,354,806	4,663,492

The current portion of the lease liabilities are presented in Trade and Other Payables account, while the non-current portion is presented under Other Non-current Liabilities account in the statements of financial position (see Note 14).

The maturity analysis of undiscounted lease liabilities at December 31, 2025 and 2024 are as follows:

(Amounts in PHP)	**2025**	2024
Within 1 year	**719,977**	719,977
1 to 2 years	**719,977**	719,977
2 to 3 years	**719,977**	719,977
3 to 4 years	**719,977**	719,977
4 to 5 years	**719,977**	719,977
5 to 10 years	**3,469,911**	3,599,887
More than 10 years	**-**	709,980
	7,069,796	7,909,752

The movements in the lease liabilities recognized in the statements of financial position are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**4,663,492**	4,946,883
Repayment of lease liabilities	**(629,994)**	(719,977)
Interest expense	**321,308**	436,586
Balance at end of year	**4,354,806**	4,663,492

The total interest expense incurred on the lease liabilities amounting to P0.3 million in 2025, and P0.4 million in 2024, and 2023, respectively, are presented as part of Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The Company has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases and low-value assets are presented as Rentals under General and Administrative Expenses in the statements of comprehensive income (see Note 16).

11. INVESTMENT PROPERTY – Net

The Company's investment property mainly consists of buildings and building improvements primarily held to earn rentals under operating leases. Rental income amounting to P580.3 million, P669.8 million , and P527.2 million in 2025, 2024 and 2023, respectively, are presented as part of Rentals under Other Revenues – Net account in the statements of comprehensive income (see Note 17). Direct costs incurred, generally pertaining to depreciation charges, amounting to P62.7 million each in 2025, 2024 and 2023, are presented as part of Depreciation and amortization under Direct Costs in the statements of comprehensive income (see Note 16).

The net carrying amounts of investment property as at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	**December 31, 2025**	December 31, 2024	January 1, 2024
Cost	**1,892,772,408**	1,892,772,408	1,892,772,408
Accumulated depreciation	**(974,849,001)**	(912,103,494)	(849,357,987)
	917,923,407	980,668,914	1,043,414,421

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of investment property is shown below.

(Amounts in PHP)	Note	**2025**	2024	2023
Balance at January 1, net of accumulated depreciation		**980,668,914**	1,043,414,421	1,106,159,928
Depreciation charges for the year	16	**(62,745,507)**	(62,745,507)	(62,745,507)
Balance at December 31, net of accumulated depreciation		**917,923,407**	980,668,914	1,043,414,421

In the latest appraisal report, the Company's investment property, which is part of the Newport City Project (Site B), has an aggregate fair market value of P1.4 billion as of December 31, 2025. Fair value is determined using the income capitalization approach, which uses a financial modeling technique based on explicit assumptions regarding the prospective cash flows from the properties. Under this method, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the properties.

Other information about the fair value measurement and disclosures related to the investment property are presented in Note 26.4.

12. OTHER NON-CURRENT ASSETS – Net

The composition of this account is shown below.

(Amounts in PHP)	Notes	**2025**	2024 [As Restated – see Note 2.1(b)]
Advances to suppliers		**2,968,770,741**	2,056,061,524
Input VAT		**507,268,589**	449,800,610
CWT		**308,106,323**	291,218,902
Refundable deposits		**150,677,781**	96,380,056
Receivable from employees	6, 21.4	**81,497,895**	87,834,285
Miscellaneous	21.4	**283,612,481**	221,777,945
		4,299,933,810	3,203,073,322

Advances to suppliers pertain to mobilization funds provided to the Company's suppliers for use primarily in the construction of the Company's buildings and building improvements and are reduced proportionately upon receipt of progress billings from the said suppliers.

Refundable deposits are financial assets that are perpetual in nature. The carrying amounts of these financial assets are reasonable estimation of their respective fair values.

Miscellaneous non-current assets include original advance payment made by the Company to a related party under common ownership for the purchase of certain condominium units and parking lots to be used by in-house entertainers and for employee housing program. There were new availments of condominium units which amounted to P2.5 million in 2025 and P12.8 million in 2024 (see Note 21.4).

As of December 31, 2025 and 2024, the cost of the remaining units amounted to P205.5 million and P201.6 million, respectively. The Company transferred 11 units to certain third parties in 2024. No transfer of title has been made in 2025 (see Note 21.4). The remainder of miscellaneous non-current assets pertains to certain non-financial deposits which will be realized beyond 12 months from the end of the reporting periods.

13. INTEREST-BEARING LOANS AND BORROWINGS

The composition of the Company's outstanding loans is shown below.

(Amounts in PHP)	**2025**	2024
Current	**18,701,053,837**	23,369,381,376
Non-current	**45,851,555,529**	39,273,283,168
	64,552,609,366	62,642,664,544

The outstanding principal balance and other relevant details of the Company's outstanding loans, including explanatory notes are as presented below.

(Amounts in PHP)

Principal	**Interest Rate**	**Nature**	**Term**	**Notes**
2025:				
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
4.1 billion	Fixed at 4.9%	Unsecured	7 years	(a)
10.0 billion	Fixed at 7.4%	Unsecured	7 years	(a)
8.6 billion	Fixed at 6.9%	Unsecured	7 years	(a)
11.8 billion	Fixed at 8.5%	Unsecured	7 years	(b)
5.0 billion	Fixed at 7.3%	Unsecured	90 days	(b)
5.5 billion	Fixed at 7.3%	Unsecured	7 years	(b)
0.6 billion	Fixed at 7.6%	Unsecured	7 years	(c)
4.8 billion	Fixed at 8.7%	Unsecured	5 years	(c)
4.7 billion	Fixed at 3.5%	Unsecured	2 years	(c)
0.8 billion	Fixed at 3.5%	Unsecured	2 years	(c)
2.5 billion	Fixed at 8.0%	Unsecured	5 years	(d)
1.2 billion	Floating rate subject to repricing	Unsecured	30 days	(e)

Principal	Interest Rate	Nature	Term	Notes
2024:				
5.0 billion	Fixed at 7.0%	Unsecured	90 days	(a)
0.7 billion	Fixed at 8.0%	Unsecured	7 years	(a)
1.4 billion	Fixed at 8.6% for two years and at 9.0% in the next five years	Unsecured	7 years	(a)
6.0 billion	Fixed at 4.9%	Unsecured	7 years	(a)
10.0 billion	Fixed at 7.4%	Unsecured	7 years	(a)
5.0 billion	Fixed at 7.3%	Unsecured	90 days	(b)
5.5 billion	Fixed at 7.3%	Unsecured	7 years	(b)
13.5 billion	Fixed at 8.5%	Unsecured	7 years	(b)
2.8 billion	Fixed at 7.6%	Unsecured	7 years	(c)
5.0 billion	Fixed at 8.7%	Unsecured	5 years	(c)
1.7 billion	Fixed at 3.4%	Unsecured	360 days	(c)
3.5 billion	Fixed at 8.0%	Unsecured	5 years	(d)
2.5 billion	Floating rate subject to repricing	Unsecured	360 days	(e)

a) In prior years, a local bank approved a credit line which grants the Company to borrow P33.5 billion. Total drawdowns made in prior years, including loans subsequently converted into long-term borrowings, amounted to P31.0 billion. Outstanding loans as of December 31, 2025 and 2024 amounted to P4.1 billion and P8.2 billion, respectively.

In 2023, the Company settled the P0.5 billion short-term loan and obtained an omnibus loan from the same bank amounting to P5.0 billion, which was originally scheduled to mature in 2024. The loan was subsequently rolled over and is set to mature in 2026. The loan remains outstanding as of December 31, 2025 and 2024.

In 2024, the Company obtained an additional long-term loan from the same bank amounting to P10.0 billion, which is scheduled to mature in 2031, all of which are outstanding as of December 31, 2025 and 2024.

In 2025, the Company obtained another long-term loan from the same bank amounting to P9.0 billion, which is scheduled to be mature in 2032. As of December 31, 2025, the outstanding balance amounted to P8.6 billion.

b) In 2022, the Company availed a long-term facility from a local bank amounting to P13.5 billion. In 2024, the Company obtained additional financing amounting to P5.5 billion in the form of a term loan from the same bank. Outstanding loans under these facilities amounted to P17.3 billion and P19.0 billion in December 31, 2025 and 2024, respectively.

The Company obtained various short-term loans in 2024 amounting to P5.0 billion. The short-term loan obtained in 2024 was rolled in 2024 and 2025 and remained outstanding as of December 31, 2025 and 2024.

c) In 2017, the Company entered into various credit line agreements with a total maximum loanable amount of P10.0 billion from a local bank. In 2021, the Company availed another long-term facility with the bank amounting to P5.0 billion. The outstanding loans related to these facilities amounted to P0.6 billion and P2.8 billion as of December 31, 2025 and 2024, respectively.

   In 2024, the Company obtained another long-term loan amounting to P5.0 billion. The outstanding loans related to these amounted to P4.8 billion and P5.0 billion as of December 31, 2025 and 2024, respectively.

   In 2025, the Company obtained another long-term loans amounting to P4.7 billion, all of which are outstanding as of December 31, 2025.

   Further, the Company obtained and settled other various short-term loans in 2025 and 2024. Total outstanding short-term loans amounted to P0.8 billion and P1.7 billion as of December 31, 2025 and 2024, respectively.

d) In 2022, the Company availed another long-term facility from the bank amounting to P5.0 billion. The loans remained outstanding, amounting to P2.5 billion and P5.0 billion as of December 31, 2025 and 2024, respectively.

   The Company also availed short-term loans in 2024, which were subsequently settled in the same year. No similar loans were obtained during 2025.

e) The Company obtained various short-term loans in December 31, 2025 and 2024, totaling to P1.2 billion and P2.5 billion, respectively, which remain outstanding as of December 31, 2025 and 2024.

The outstanding loans as of December 31, 2025 and 2024, net of related discounts, are presented as Interest-bearing Loans and Borrowings in the statements of financial position.

There are no other assets used and/or required as collaterals in 2025 and 2024 for the Group's interest-bearing loans and borrowings

The Company is required to maintain certain financial ratios such as debt service coverage, debt-to-equity and current ratios. In 2024, the Company was not able to meet certain financial covenants of the loans such as current ratio and debt service coverage ratio. The Company, however, was able to secure debt covenant waivers as certified by the banks before December 31, 2024. As of December 31, 2025, the Company was in compliance with the loan covenants.

Certain portion of finance costs attributable to these loans amounting to P4,526.2 million, P4,246.0 million and P2,754.1 million in 2025, 2024 and 2023, respectively, are presented as part of Interest expense under the Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 18).

The portion of finance costs for 2025 and 2024 that were capitalized is included as part of additions to CIP under Property and Equipment – Net account in the statements of financial position (see Note 10.1). Unpaid interests as at December 31, 2025 and 2024 are presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 14).

The changes in the Interest-bearing Loans and Borrowings account are shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**62,642,664,544**	53,037,553,259
Cash flows from financing activities:		
Additional borrowings	**15,978,400,000**	25,500,000,000
Repayment of borrowings	**(14,155,522,175)**	(15,985,236,000)
Non-cash financing activity –		
Amortization of debt issuance costs	**87,066,997**	90,347,285
Balance at end of year	**64,552,609,366**	62,642,664,544

14. TRADE AND OTHER PAYABLES, AND OTHER NON-CURRENT LIABILITIES

This account consists of:

(Amounts in PHP)	Notes	**2025**	2024
Trade and other payables:			
Trade payables	21.2	**7,222,177,199**	7,209,066,832
Accrued expenses:			
Advertising		**1,177,941,828**	1,352,266,425
Casino operating expenses		**560,393,774**	644,971,159
Interest	13	**507,844,229**	1,017,411,401
Contract services		**469,268,188**	622,151,835
Repairs and maintenance		**458,065,132**	480,360,155
Employee benefits	21.6	**325,163,328**	231,677,722
Management fees	21.3, 21.6, 23.2	**251,889,021**	233,683,622
Utilities		**154,700,548**	196,126,390
Donation	23.3(d)	**20,707,861**	21,765,546
Rental		**3,118,653**	166,344,462
Others		**178,316,852**	205,695,413
License fee payables	20.2	**817,516,691**	799,480,373
Slot jackpot liability	26.2(b)	**767,389,124**	772,287,098
Withholding taxes		**82,040,393**	63,874,747
Liability for unredeemed gaming points		**56,830,088**	164,272,073
Lease liabilities	10.2	**336,241**	308,305
Miscellaneous		**502,238,156**	409,130,411
Balance carried forward		**13,555,937,306**	14,590,873,969

(Amounts in PHP)	Notes	**2025**	2024
Balance brought forward		**13,555,937,306**	14,590,873,969
Other non-current liabilities:			
Retention payable		**274,319,510**	221,134,234
Security and miscellaneous deposits		**207,580,479**	304,099,359
Lease liabilities	10.2	**4,018,565**	4,354,805
Non-trade payable to a related party	21.8	**-**	3,056,180,769
		485,918,554	3,585,769,167
		14,041,855,860	18,176,643,136

Trade payables include unredeemed gaming chips determined as the difference between total gaming chips placed in service and the actual inventory of gaming chips in custody or under the Company's control, casino deposit certificates from patrons, and other gaming related liabilities.

Employee benefits under Accrued expenses include the current portion of the Company's obligations to its current and former employees that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrued salaries and other employee benefits at the end of the reporting period.

Other accrued expenses include accruals for local and overseas travel, training and recruitment, dues and subscription, flight operations and other incidental casino and hotel operating expenses.

The liability for unredeemed gaming points represents the estimated costs of unredeemed casino gaming points issued, which are redeemable for complimentary goods or services of the Company.

Miscellaneous payables include other non-trade obligations under the ordinary course of business, and government-related liabilities.

Retention payables represent portions of progress billings received from contractors for the construction work performed which is retained by the Company to bind contractors in completing the agreed tasks. After the settlement of the applicable retention payables due during the reporting periods, the remainder is payable to the contractors for at least 12 months from the completion date of the construction or developments.

Security and miscellaneous deposits are perpetual in nature. Hence, the carrying amounts of these financial liabilities are reasonable estimation of their respective fair values.

Non-trade payable from a related party pertains to the outstanding payable as of December 31, 2024 arising from the Courtyard Iloilo transaction (see Note 21.8). In 2025, the agreement between the parties was rescinded and the property was returned (see Notes 10 and 18). Accordingly, the related non-trade payable and accrued interest were derecognized in 2025.

In 2024, accrued rentals from prior years amounting to P263.4 million were reversed as management deemed that such balance will no longer be collected by the counterparty. The related gain on reversal of liabilities was presented as part of Other Income (Charges) – Net in the 2024 statement of comprehensive income (see Note 18). There was no similar transaction in 2025 and 2023.

15. REVENUES

When the Company's ExeCom evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.4.

In 2025, the Company began generating revenues from online gaming activities conducted in partnership with a third-party online gaming operator and integrated with the Group's licensed casino operations. Such revenues amounted to P842.7 million in 2025 and are presented as part of Gaming under Net Revenues in the 2025 statement of comprehensive income (see Note 2.9). There were no similar revenues recognized in 2024 and 2023.

For presentation and disclosure purposes, gaming revenues are accounted for as derivative transactions under PFRS 9. For bingo, tournament income and non-gaming revenues other than rentals accounted for under PFRS 16, all other revenue sources are short-term in nature and satisfied over time (except food, beverage and others category that is satisfied at point in time).

A summary of additional disaggregation from the segment revenues, particularly on non-gaming revenues, is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Gaming –	2.9	**31,404,669,968**	31,978,911,813	34,192,140,829
Less: Promotional allowances		**(7,172,344,104)**	(8,588,669,377)	(9,699,683,190)
		24,232,325,864	23,390,242,436	24,492,457,639
Non-gaming:				
Hotel accommodations	2.9	**2,245,436,617**	2,201,236,511	1,935,769,422
Food, beverage and others	2.9	**2,181,389,495**	2,298,601,094	2,239,057,587
Other revenues – net	2.9			
	2.9, 17	**1,446,288,394**	1,402,735,418	1,281,900,839
		5,873,114,506	5,902,573,023	5,456,727,848
		30,105,440,370	29,292,815,459	29,949,185,487

16. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature in 2025 are shown below.

(Amounts in PHP)	Notes	**Direct Costs**	**General and Administrative Expenses**	**Total**
Gaming license fees	20.2	6,486,243,280	-	6,486,243,280
General marketing		-	3,919,224,557	3,919,224,557
Salaries, wages and employee benefits	19.1, 21.6	2,875,759,514	936,302,871	3,812,062,385
Depreciation and amortization	10, 11	2,444,252,073	872,625,693	3,316,877,766
Outside services	21.2(a)	1,743,509,201	-	1,743,509,201
Casino operating expenses	21.1(c)	1,593,429,231	-	1,593,429,231
Utilities and communication		-	1,085,326,800	1,085,326,800
Food and beverage		1,056,125,351	-	1,056,125,351
Repairs and maintenance		-	506,676,079	506,676,079
Supplies		379,498,972	-	379,498,972
Taxes and licenses		-	288,066,508	288,066,508
Donations and contributions	23.3(d)	-	270,147,437	270,147,437
Transportation and travel		-	235,161,002	235,161,002
Management fees	21.3, 23.2	-	190,328,211	190,328,211
Professional services		-	187,744,691	187,744,691
Security		-	147,926,668	147,926,668
Deficiency taxes		-	135,986,597	135,986,597
Commission		-	118,789,397	118,789,397
Flight operations		115,690,305	-	115,690,305
Dues and subscriptions		-	93,339,895	93,339,895
Rentals	10.2	16,327,975	30,410,096	46,738,071
Entertainment, amusement and recreation		36,991,151	-	36,991,151
Miscellaneous		74,691,891	357,042,345	431,734,236
		16,822,518,944	**9,375,098,847**	**26,197,617,791**

Miscellaneous under General and Administrative Expenses account in 2025, 2024 and 2023 include, among others, loss on disposal, penalties, freight and handling charges, representation, insurance, credit and collection charges, and other incidental administrative expenses.

The details of operating expenses by nature in 2024 are shown below.

(Amounts in PHP)	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	6,643,263,261	-	6,643,263,261
Salaries, wages and employee benefits	19.1, 21.6	2,983,050,907	892,130,635	3,875,181,542
Depreciation and amortization	10, 11	2,369,789,691	675,820,473	3,045,610,164
General marketing		-	3,023,134,323	3,023,134,323
Outside services	21.2(a)	1,683,120,168	-	1,683,120,168
Casino operating expenses	21.1(c)	1,311,040,089	-	1,311,040,089
Food and beverage		1,300,128,628	-	1,300,128,628
Utilities and communication		-	947,813,799	947,813,799
Repairs and maintenance		-	493,743,466	493,743,466
Supplies		411,276,176	-	411,276,176
Transportation and travel		-	291,913,210	291,913,210
Taxes and licenses		-	266,459,397	266,459,397
Donations and contributions	23.3(d)	-	263,069,250	263,069,250
Management fees	21.3, 23.2	-	196,593,968	196,593,968
Commission		-	123,772,875	123,772,875
Security		-	123,514,945	123,514,945
Rentals	10.2	19,654,318	94,319,069	113,973,387
Dues and subscriptions		-	110,651,384	110,651,384
Professional services		-	95,285,651	95,285,651
Entertainment, amusement and recreation		75,955,821	-	75,955,821
Flight operations		63,368,214	-	63,368,214
Miscellaneous		155,108,367	489,270,359	644,378,726
		17,015,755,640	8,087,492,804	25,103,248,444

The details of operating expenses by nature in 2023 are shown below.

(Amounts in PHP)	Notes	Direct Costs	General and Administrative Expenses	Total
Gaming license fees	20.2	6,888,916,213	-	6,888,916,213
General marketing		-	3,492,320,830	3,492,320,830
Salaries, wages and employee benefits	19.1, 21.6	2,630,993,465	859,265,087	3,490,258,552
Depreciation and amortization		1,932,322,723	559,432,371	2,491,755,094
Casino operating expenses		1,667,409,768	-	1,667,409,768
Outside services	21.2(c)	1,616,842,828	-	1,616,842,828
Food and beverage	21.2(a)	1,303,506,927	-	1,303,506,927
Supplies		425,139,860	-	-
Utilities and communication		-	949,317,665	949,317,665
Repairs and maintenance		-	539,819,283	539,819,283
Transportation and travel	21.3, 23.2	-	311,174,542	311,174,542
Donations and contributions		-	257,080,457	257,080,457
Taxes and licenses	23.3(d)	-	245,824,607	245,824,607
Management fees		-	150,355,152	150,355,152
Rentals	21.3, 23.2	14,293,096	131,321,982	145,615,078
Security	10.2	-	144,518,569	144,518,569
Commission		-	100,565,528	100,565,528
Professional services		-	92,430,637	92,430,637
Dues and subscriptions		-	90,126,429	90,126,429
Flight operations		83,517,415	-	83,517,415
Entertainment, amusement and recreation		45,027,724	-	45,027,724
Miscellaneous		150,986,140	291,110,060	442,096,200
		16,758,956,159	8,214,663,199	24,973,619,358

17. OTHER REVENUES – Net

The breakdown of this account is as follows:

(Amounts in PHP)	Notes	**2025**	2024	2023
Rentals	11, 21.7, 23.1	**580,334,450**	669,782,627	527,245,604
Utility recoveries		**203,405,560**	235,380,334	132,356,957
Bingo	2.9	**143,607,327**	148,902,075	159,590,261
Tournament income	2.9	**108,902,643**	3,842,447	-
Parking		**87,900,885**	79,222,181	80,510,049
Cinema		**49,345,723**	44,360,027	44,143,607
Merchandise		**34,922,380**	25,351,450	59,091,332
Laundry		**49,602,081**	44,250,295	62,282,835
Production shows		**20,665,924**	15,038,342	89,643,418
Commissions		**7,288,342**	5,699,346	4,791,506
Others - net		**160,313,079**	130,906,294	122,245,270
		1,446,288,394	1,402,735,418	1,281,900,839

Others include revenues from limousine, dormitory, spa, and other service charges.

18. OTHER INCOME (CHARGES) – Net

The details of this account are as follows:

(Amounts in PHP)	Notes	**2025**	2024	2023
Finance costs:				
Interest expense	10.2, 13, 19.2, 21.8	**4,584,781,163**	4,472,435,806	3,116,424,481
Foreign currency exchange losses - net		**81,240,741**	219,570,416	282,887,644
Bank charges		**3,113,075**	3,209,283	3,022,734
		4,669,134,979	4,695,215,505	3,402,334,859
Finance income –				
Interest income	5, 8	**(120,826,771)**	(166,209,662)	(164,345,152)
Other income	10, 21.5	**(1,454,002,583)**	(876,483,687)	-
		3,094,305,625	3,652,522,156	3,237,989,707

19. EMPLOYEE BENEFITS

19.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Notes 16 and 21.6).

(Amounts in PHP)	Note	**2025**	2024	2023
Short-term employee benefits		**3,724,643,970**	3,796,444,721	3,432,707,048
Post-employment defined benefits	19.2	**87,418,415**	78,736,821	57,551,504
		3,812,062,385	3,875,181,542	3,490,258,552

19.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

In 2017, the Company established a partially-funded, non-contributory multi-employer post-employment benefit plan which is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company's Remuneration and Compensation Committee, who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

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 a minimum of 10 years credited service subject to the approval of the Company's Retirement Committee. The post-employment benefit plan provides benefits ranging from 85% to 200% of the plan salary for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made periodically to update the retirement benefit costs. All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary in 2025, 2024 and 2023.

The amounts of retirement benefit obligation recognized in the statements of financial position are determined as follows:

(Amounts in PHP)	**2025**	2024
Present value of the obligation	**956,483,488**	1,056,968,753
Fair value of plan assets	**-**	(220,427,195)
	956,483,488	836,541,558

The movements in the present value of the post-employment defined benefit obligation recognized in the books are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**1,056,968,753**	898,860,656
Benefits paid from plan assets	**(219,097,619)**	(33,067,827)
Current service cost	**87,418,415**	78,736,821
Interest expense	**64,580,791**	55,010,272
Benefits paid from Company	**(22,767,406)**	(2,167,200)
Remeasurements –		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**(35,055,929)**	1,219,487
Experience adjustments	**24,284,906**	49,295,542
Changes in demographic assumptions	**137,537**	9,081,002
Transfers from the plan	**14,040**	-
Balance at end of year	**956,483,488**	1,056,968,753

The movements in the fair value of plan assets in 2025 and 2024 are presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**220,427,195**	197,283,257
Benefits paid	**(219,097,619)**	(33,067,827)
Loss on plan assets (excluding amounts included in net interest)	**(7,602,448)**	1,699,238
Interest income	**6,272,872**	12,351,973
Contribution to the plan	**-**	42,160,554
Balance at end of year	**-**	220,427,195

The composition of the fair value of plan assets at the end of 2025 and 2024 by category and risk characteristics is shown below.

(Amounts in PHP)	**2025**	2024
Cash	**-**	6,568,730
Treasury bills	**-**	165,695,123
Unit investment trust fund (UITF)	**-**	48,163,342
	-	220,427,195

The fair values of cash and treasury bills are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy). The fair value of the UITF are estimated by reference to net asset value published by the trust fund managers at the end of each reporting period and is categorized within Level 2.

The plan assets loss an actual return of P0.8 million, P14.1 million, and P11.7 million in 2025, 2024 and 2023, respectively.

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the retirement benefit obligation are as follows:

(Amounts in PHP)	**2025**	2024	2023
Reported in profit and loss:			
Current service cost	**87,418,415**	78,736,821	57,551,504
Net interest expense	**58,307,919**	42,658,299	32,995,373
	145,726,334	121,395,120	90,546,877

(Amounts in PHP)	**2025**	2024	2023
Reported in other comprehensive loss (income):			
Actuarial losses (gains) arising from:			
Changes in financial assumptions	**(35,055,929)**	1,219,487	106,064,829
Experience adjustments	**24,284,906**	49,295,542	64,837,376
Loss (gain) on plan assets (excluding amounts include net interest expense)	**7,062,448**	(1,699,238)	349,778
Changes in demographic assumptions	**137,537**	9,081,002	5,913,765
	(3,571,038)	57,896,793	177,165,748

Actuarial gains arising from the changes in financial assumptions pertains to the substantial increase in discount rate, which decreased the actuarially determined obligation as of December 31, 2025 and 2024. Experience adjustment pertains to the effects of differences between the previous actuarial assumptions and what has actually occurred, including the changes in those actuarial assumptions during the applicable reporting periods.

The amounts of retirement benefit expense recognized in profit or loss are presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses (for current and past service cost) and the Finance costs under Other Income (Charges) – Net (for interest expense) in the statements of comprehensive income (see Notes 16 and 18).

The amounts recognized in other comprehensive income were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the retirement benefit obligation, the following actuarial assumptions were used:

	2025	2024	2023
Discount rate	**6.42%**	6.11%	6.12%
Salary growth rate	**4.00%**	4.00%	4.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 is 33-34 years for males and 32-41 years for females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Benefit Obligation

The Company is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk, salary risk and inflation risk.

(i) Investment and Interest Rate Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the retirement benefit obligation. The plan has investments in cash, treasury bills and UITF as of December 31, 2024. Due to the long-term nature of the plan obligation, a level of continuing investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

(iii) Inflation Risk

A significant portion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Company's liability.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement benefit obligation are described as follows.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as of December 31, 2025 and 2024:

	Impact on Retirement Benefit Obligation		
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2025			
Discount rate	**+/- 100 basis points**	**(119,288,003)**	**102,607,769**
Salary increase rate	**+/- 100 basis points**	**121,029,822**	**(105,761,066)**
December 31, 2024			
Discount rate	+/- 100 basis points	(131,888,653)	113,305,858
Salary increase rate	+/- 100 basis points	133,394,752	(116,471,329)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company through its Remuneration and Compensation Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government treasury bills or bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

The plan assets as of December 31, 2025 and 2024 significantly consist of debt securities for long-term investment and UITF for liquidity purposes.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P956.5 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding pay pose a cash flow risk in about five to ten years' time when the current fair value of plan assets is not enough to cover the expected retirement benefit payments. The Company does not have an expected contribution to the plan during the next period.

The expected maturity of undiscounted expected benefits payments within the next ten years as of December 31, 2025 and 2024 is as follows:

(Amounts in PHP)	**2025**	2024
Within one year	**7,624,585**	11,969,956
More than one to five years	**114,448,007**	194,631,524
More than five years to ten years	**607,105,452**	685,140,964
	729,178,044	891,742,444

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the retirement benefit obligation at the end of the reporting periods is 6 to 12 years.

The Company expects to make contribution of P42.2 million to the plan during the next reporting period.

20. TAXES

20.1 Current Taxes

The components of tax expense as reported in the statements of comprehensive income are shown below:

(Amounts in PHP)	**2025**	2024	2023
Reported in profit or loss –			
Current tax expense:			
Minimum corporate income tax (MCIT)	**45,381,646**	31,974,514	7,261,487
Final tax at 20% and 15%	**23,831,777**	33,041,932	32,869,030
Capital gains tax	**-**	61,352,100	-
	69,213,423	126,368,546	40,130,517

In 2024, the Company paid capital gains tax amounting to P61.4 million in relation to the land transferred by the Company to a related party under common ownership (see Notes 10 and 18). There was no similar transaction in 2025 and 2023.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the profit or loss section of the statements of comprehensive income is as follows:

(Amounts in PHP)	**2025**	2024	2023
Tax on pretax profit at 25%	**200,970,636**	134,261,215	434,394,106
Adjustment for income subjected to lower tax rates	**(5,957,944)**	53,091,617	(8,217,258)
Tax effects of:			
Non-taxable income	**(7,880,312,776)**	(7,977,539,609)	(8,678,886,703)
Non-deductible expenses	**6,741,121,826**	6,778,410,726	7,359,529,522
Unrecognized deferred tax asset (DTA) on net operating loss carryover (NOLCO)	**967,353,605**	1,101,715,318	924,604,787
Unrecognized DTA on MCIT	**45,381,647**	31,974,514	7,261,487
Change in unrecognized DTA and changes on other temporary differences – net	**656,429**	4,454,765	1,444,576
Tax expense	**69,213,423**	126,368,546	40,130,517

The Company did not recognize certain DTA on other deductible temporary differences as management has assessed that it may not be able to realize the related tax benefits.

As of the end of the reporting periods, the total unrecognized net deferred tax assets relate to the items presented below.

(Amounts in PHP)	**2025**		2024	
	Amount	**Tax Effect**	Amount	Tax Effect
NOLCO	**13,882,370,707**	**3,470,592,677**	17,061,949,433	4,265,487,358
Allowance for impairment under ECL model	**116,992,854**	**29,248,214**	116,992,854	29,248,214
Past service cost	**53,173,833**	**13,293,458**	53,173,833	13,293,458
Unrealized foreign currency gains – net	**2,625,718**	**656,429**	17,819,062	4,454,765
MCIT	**84,617,648**	**84,617,648**	39,236,001	39,236,001
	14,139,780,760	**3,598,408,426**	17,289,171,183	4,351,719,796

The details of unrecognized NOLCO incurred by the Company which can be claimed as deduction from their respective future taxable income within three or five years from the year the taxable loss was incurred are shown below. Further, pursuant to Section 4(b) of Republic Act No. 11494, *Bayanihan to Recover as One* (Bayanihan II), the NOLCO for taxable year 2021 and 2020 shall be claimed as deduction within five years immediately following the year of such loss.

(Amounts in PHP)

Year Incurred	**Amount**	**Expired**	**Remaining Balance**	**Valid Until**
2025	3,630,040,202	-	3,630,040,202	2028
2024	3,959,287,864	-	3,959,287,864	2027
2023	3,383,122,662	-	3,383,122,662	2026
2022	3,506,708,977	(3,506,708,977)	-	2025
2021	2,909,919,979	-	2,909,919,979	2026
2020	3,302,909,951	(3,302,909,951)	-	2025
	20,691,989,635	**(6,809,618,928)**	**13,882,370,707**	

The Company is subject to the MCIT, which is computed at 2% both in 2025 and 2024, and 1.5% in 2023, of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. The Company incurred MCIT amounting to P45,381,646, P31,974,514, and P7,261,487 in December 31, 2025, 2024, and 2023, respectively, which is deductible against future RCIT within three years.

The Company opted to claim itemized deductions in computing for its income tax due for the reporting periods.

20.2 Taxation of Casino Operations

Under the Provisional License Agreement with PAGCOR, the Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues. The license fees are directly remitted by the Company to PAGCOR as required under the Provisional License Agreement.

In April 2013, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR and its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended [see Note 23.3(e)].

In August 2016, the Philippine Supreme Court (SC), in *Bloomberry Resorts and Hotels, Inc. vs. BIR*, (the SC Decision) confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos". The SC Decision has been affirmed with finality by SC in a resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR.

Total license fees recognized amounted to P6.5 billion, P6.6 billion and P6.9 billion in 2025, 2024 and 2023, respectively, and are presented as Gaming license fees as part of Direct Costs in the statements of comprehensive income (see Note 16). The outstanding liabilities are presented as License fee payables under the Trade and Other Payables account in the statements of financial position (see Note 14).

20.3 Registration with the Philippine Economic Zone Authority (PEZA)

The Company was registered with PEZA on December 16, 2008 as a Tourism Economic Zone Enterprise as owner of the 172-room Maxims Hotel and 342-room Marriott Hotel in the Newport City Cybertourism Zone. In 2012, Remington Hotel (now known as Holiday Inn Express Manila Newport City) and the Newport Entertainment and Commercial Centre were also registered with the PEZA.

As a PEZA-registered enterprise, the Company is entitled to certain tax incentives which include:

(a) Income tax holiday (ITH) for four years on income solely derived from servicing foreign tourists. Upon expiry of the ITH period, the Company shall pay the 5% Gross Income Tax (GIT), in lieu of all national and local taxes, provided that the Company shall have the option to forego the ITH incentive entitlement and immediately avail of the 5% GIT incentive upon the start of commercial operations subject to the Company's submission to PEZA of its Board Resolution on said waiver of the ITH incentive;

(b) VAT zero rating on transactions with local suppliers of goods, properties and services directly related to its registered operations; and,

(c) Tax and duty-free importation of capital requirement for use in the technical viability and operation of the registered activity of the Company.

The Company completed the construction of 228-room MWW in 2016, and MGB, a 4,000-seater convention center, in 2015. In 2016, the Company obtained the supplemental agreements with PEZA covering these additional facilities.

ITH for Maxims Hotel, Marriott Hotel, and Holiday Inn Express Manila Newport City have expired.

In 2018, the Company registered Courtyard by Marriott Iloilo with PEZA. As the Company voluntarily waived the ITH incentive for Courtyard by Marriott Iloilo, it was directly made subject to the GIT incentive upon start of commercial operation in April 2018.

On December 3, 2021, the BIR issued Revenue Regulations (RR) No. 21-2021 to implement certain provisions of the Tax Code in relation to fiscal incentives, as amended by the CREATE Act. RR 21-2021 clarified that VAT-zero rating and exemption shall only apply to registered export enterprises and customs duty exemption on importation shall only apply to domestic enterprises for a maximum period of 12 years from the date of registration, unless otherwise extended by the Strategic Investment Priority Plan.

There were no GIT paid on income from servicing foreign tourists as the tax base for GIT in 2025, 2024, and 2023 is in taxable loss position.

21. RELATED PARTY TRANSACTIONS

The Company's related parties with transactions and balances include its stockholder, companies under common ownership, management or control, associate, the Company's key management personnel and others as described below and in the succeeding pages.

21.1 Summary of Related Party Transactions

The summary of the Company's transactions and outstanding balances with its related parties is presented below and in the succeeding page.

		Amount of Transaction			Outstanding Balance	
(Amounts in PHP)	Notes	**2025**	2024	2023	**2025**	2024
Subsidiaries:						
DHRI & LSHRI – Guaranteed room payments	21.2, 16	**165,151,681**	125,484,508	335,592,462	**633,119,636**	593,452,462
BLMI – Manpower services and advances	21.2, 21.5	**17,945,371**	38,401,537	(13,366,527)	**(49,091,842)**	(67,037,213)
APEC – Transportation services and advances	21.2, 21.5	**3,478,280**	(52,508,616)	(56,498,623)	**570,629,302**	567,151,022
RBHAI – Manpower services and advances	21.2, 21.5	**40,989,298**	48,070,176	34,674,156	**57,719,298**	64,800,177
GSI – Manpower services and advances	21.2, 21.5	**(5,110,133)**	38,784,527	(102,444,789)	**(31,750,441)**	12,144,219
GVMSI – Manpower services and advances	21.2, 21.5	**88,001,300**	(7,403,105)	(35,065,491)	**(125,598,041)**	(221,002,446)
FHTC – Use of theater facilities and advances	21.5, 21.7	**(6,433,335)**	(3,346,608)	(27,963,199)	**144,399,904**	147,486,632
GIHRI – Operating lease and advances	21.5	**2,200,150**	1,200,000	480,000	**(25,425,469)**	(26,425,619)
Others – Obtaining of cash advances, net	21.5	**1,875,858,587**	1,367,808,216	1,915,848,653	**(223,370,059)**	(731,420,430)
Others – Granting of cash advances, net of repayments and others	21.5	**(1,331,553,038)**	(735,346,973)	(675,643,016)	**15,322,671,770**	15,918,877,835
Related Parties Under Common Ownership:						
Granting (collection) of cash advances, net	21.5	**(1,059,558,686)**	1,679,490,495	1,365,683	**687,742,554**	1,747,301,240
Transfer of land		**(12,245,165)**	1,022,535,000	-	**1,010,289,835**	1,022,535,000
Management fees	21.3	**(23,604,152)**	59,957,829	8,082,404	**(30,234,018)**	(6,629,866)
Repayment (obtaining) of cash advances, net	21.5	**48,160,269**	20,967,119	(45,251,191)	**(120,790,598)**	(162,224,073)
Prepayment of condominium units	21.4	**-**	-	-	**199,740,688**	199,740,688
Reimbursement of construction costs	21.8	**-**	-	-	-	3,056,180,769
Associate –						
Granting cash advances	21.5	**(2,683,232)**	(400,324,555)	832,890,605	**501,332,638**	932,208,601
Stockholder –						
Management fees	21.6	**-**	-	-	**(238,709,798)**	(238,709,798)

(Amounts in PHP)	Notes	Amount of Transaction			Outstanding Balance	
		2025	2024	2023	**2025**	2024
Officers and Employees:						
Key management compensation	21.6	**324,199,162**	614,631,479	549,426,655	**(12,861,353)**	(18,598,148)
Receivables from employee housing program	21.4	**(19,836,266)**	(11,601,301)	(13,760,053)	**91,888,984**	97,302,271
Granting (collection) of cash advances, net	21.5	**(4,296,188)**	(2,694,031)	(8,208,197)	**93,006,083**	111,725,250
Other Related Parties Under Common Management or Control						
Donations	23.3(d)	**257,768,188**	256,237,881	251,480,457	**20,707,861**	21,765,546
Granting of cash advances, net	21.5	**(1,110,874,594)**	984,561	51,838	**289,731,870**	23,969,273

No impairment loss was recognized under the ECL model for 2025, 2024 and 2023.

21.2 Purchase of Services from Subsidiaries

(a) BLMI, GVMSI, GSI and RBHAI

The Company has existing service agreements with BLMI and GVMSI whereby the subsidiaries shall provide its manpower needs. As a consideration, the Company shall reimburse all costs and expenses incurred by the subsidiaries related to the services rendered plus 10% service fee on the salaries, overtime pay and other necessary and reasonable costs of providing the related services incurred during the period.

The Company also entered in a service agreement with GSI and RBHAI to provide the additional manpower needs of the Company. Under the agreement, the Company shall reimburse all costs and expenses incurred by GSI and RBHAI related to the services rendered plus a certain markup.

The costs incurred arising from these transactions are presented as part of Outside services under Direct Costs in the statements of comprehensive income (see Note 16). Outstanding liabilities, if any, arising from these transactions are set-off against outstanding advances granted to these subsidiaries and is presented as part of Advances from Related Parties account. Otherwise, the remaining advances, net of outstanding liabilities, are presented as part of Advances to Related Parties – Net account (see Note 21.6).

(b) APEC

As part of the Company's marketing and promotional activities, the Company uses APEC's yacht to service the Company's valued patrons. The outstanding balance of the foregoing transaction is netted against the Company's advances to APEC, which are unsecured, noninterest-bearing and payable in cash upon demand and is presented as part of Advances to Related Parties – Net account in the statements of financial position.

(c) DHRI and LSHRI

The Company entered in a hotel accommodation agreement with DHRI and LSHRI, whereby these subsidiaries shall allocate hotel rooms to accommodate certain patrons who are eligible for complimentary room accommodations, as part of the Company's marketing strategy. As a consideration, the Company shall pay these subsidiaries based on the rates agreed by the parties.

The cost incurred arising from these transactions are presented as part of casino operating expenses under Direct Costs in the statements of comprehensive income (see Note 16).

The outstanding liabilities from these transactions are presented as part of Trade payables under Trade and Other Payables account in the statements of financial position (see Note 14).

21.3 Management Fees to Related Parties

On July 19, 2010, the Company entered into a management agreement with a related party under common ownership, whereby the latter shall provide management services to the Company, such as the handling of billings to and collections from tenants, and overall administration of the Company's leasing operations. As a consideration for such services, the Company shall pay the related party based on certain rates of collection, plus commission. The consideration for the services rendered by the related party is presented as part of Management fees under General and Administrative Expenses account in the statements of comprehensive income (see Note 16).

The management agreement ceased to be effective on March 31, 2025. The outstanding balances, which are unsecured, noninterest-bearing and payable in cash upon demand, of management fees are presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

In 2023, the Company obtained certain management services from another related party under common ownership for the Company's ongoing construction and development activities. The consideration for the services rendered by the related party was capitalized as part of CIP under Property and Equipment – Net account in the statements of financial position (see Note 10). There was no similar transaction in 2025 and 2024.

21.4 Advance Payment to a Related Party

The Company entered into a contract to buy and sell with a related party under common ownership, whereby the Company shall purchase condominium units and parking lots from the latter to be used by in-house entertainers and for employee housing program. The remaining balance for each reporting period are presented as part of Miscellaneous under Other Non-Current Assets account in the statements of financial position (see Note 12).

There was one new availment of condominium unit by an employee in 2025, while there were three availments processed in 2024. The outstanding receivables, secured to the extent of the related trasnfer units, noninterest-bearing and payable in lump sum payment or salary deductions, arising from the availment of certain employees amounting to P81.5 million and P87.8 million as of December 31, 2025 and 2024, respectively, are presented as part of Others under Trade and Other Receivables – Net account with respect to the current portion and as Receivables from employees under Other Non-current Assets account with respect to the non-current portion in the statements of financial position (see Notes 6 and 12). Management assessed that the related impact of discounting is not significant to the Company's financial statements.

21.5 Advances to and from Related Parties

In the normal course of business, the Company obtains from and grants cash advances to its related parties, including those under common ownership, and officers and employees which are subject to liquidation or salary deduction, for working capital requirements and other purposes.

In 2024, the Parent Company and a related party under common ownership executed a Memorandum of Agreement to jointly construct a condominium project in Newport City. The related party agreed to manage and finance the construction while the Parent Company transferred a certain parcel of land as its contribution. The transfer has a consideration amounting to P1.0 billion. The outstanding balance is recorded as Advances to Related Parties in the 2025 statements of financial position. The balance is collectible based on the proportionate future sales of the condominium units.

Also in 2024, the Parent Company funded an escrow account on behalf of a related party under common ownership amounting to P1.9 billion. This advance was partially settled during the year amounting to P1.1 billion, leaving an outstanding balance of P0.84 million as of year-end. The balance, which is unsecured, non-interest bearing, and collectible on demand, is reported as part of Advances to Related Parties in the 2025 statement of financial position.

The details of Advances to Related Parties – Net account as at December 31 are presented below.

(Amounts in PHP)	Note	**2025**	2024
Subsidiaries		**16,800,383,845**	17,310,371,624
Associate		**501,332,638**	932,208,601
Related parties under common ownership of stockholders		**1,698,032,388**	2,763,376,963
Officers and employees		**93,006,083**	111,725,250
Other related parties under common ownership, management or control		**289,731,870**	23,969,273
		19,382,486,824	21,141,651,711
Allowance for impairment	24.2(c)	**(211,194,481)**	(211,194,481)
		19,171,292,343	20,930,457,230

Significant outstanding advances to subsidiaries include DHRI and LSHRI, which pertain to the funding for the construction and development of their respective hotels as ancillary to the main operations of the Company.

The changes in Advances to Related Parties – Net account are shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**20,930,457,230**	18,396,655,172
Repayments and offsetting	**(3,052,347,543)**	(1,187,761,506)
Additions	**1,293,182,656**	3,721,563,564
Balance at end of year	**19,171,292,343**	20,930,457,230

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from certain related parties under common ownership.

The details of Advances from Related Parties – Net account as at December 31 are shown below.

(Amounts in PHP)	**2025**	2024
Subsidiaries	**556,475,176**	1,045,885,708
Related parties under common ownership, management or control	**120,790,598**	162,224,073
	677,265,774	1,208,109,781

The changes in Advances from Related Parties – Net account are shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**1,208,109,781**	2,655,723,856
Repayments	**(530,868,914)**	(1,455,017,180)
Additions	**24,907**	7,403,105
Balance at end of year	**677,265,774**	1,208,109,781

The advances to and from related parties have no fixed repayment terms and are unsecured, noninterest-bearing and generally payable in cash upon demand, or through offsetting arrangements with the related parties (see Note 25.2). Parties agreed that costs, if any, arising from those transactions shall be shouldered by the Company.

21.6 Operations and Management Agreement with GHL/Key Management Personnel Compensation

In 2022 and prior years, some of the Company's administrative functions are being handled by certain key officers and employees under the management of GHL as agreed by both parties under the Operations and Management Agreement. The outstanding liability as of December 31, 2025 and 2024, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

The compensation of other key management personnel which is presented as part of Salaries, wages and employee benefits under the General and Administrative Expenses account in the statements of comprehensive income is shown below (see Notes 16 and 19.1).

(Amounts in PHP)	**2025**	2024	2023
Short-term benefits	**629,791,214**	541,900,384	484,411,433
Post-employment defined benefit obligation	**76,424,055**	72,731,095	65,015,222
	706,215,269	614,631,479	549,426,655

The short-term benefits are generally payable semi-monthly. The outstanding liability arising from this transaction is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

21.7 Use of Theater Facilities by FHTC

The Company leases its theater facilities to FHTC on a per-show basis. Total income recognized from this transaction is presented as part of Rentals under Other Revenues – Net in the statements of comprehensive income (see Note 17). The outstanding receivable, which is unsecured, noninterest-bearing and payable in cash upon demand, arising from this transaction, is presented as part of Advances to Related Parties – Net account in the statements of financial position.

21.8 Reimbursement for Construction Costs and Subsequent Rescission of Agreement

In 2018, related party under common ownership turned over Courtyard Iloilo to the Company (see Note 10). The parties agreed that the Company will reimburse the costs incurred by the related party in constructing the hotel and its related facilities amounting to P4.0 billion. The unpaid portion, which is unsecured, shall bear interest of 6% commencing in 2019. In 2024, the outstanding balance amounting to P3.1 billion is presented as Non-trade payable to a related party under Other Non-current Liabilities account in the 2024 statement of financial position (see Note 16). The related interest expense amounting to P183.4 million for both years is presented as part of Finance costs under Other Income (Charges) – Net in the 2024 statement of comprehensive income (see Note 18).

In 2025, the agreement with the related party was rescinded. The outstanding balance amounting to P3.1 billion has been reversed, including the related accrued interest expense amounting to P493.0 million (see Notes 10 and 18).

21.9 Retirement Plan

The Company's retirement fund is a multi-employer retirement plan, which is administered by a trustee bank. The retirement fund includes investments in cash, treasury bills and UITF with a total fair value of P15.9 million and P220.4 million as of December 31, 2025 and 2024, respectively. The details of the contributions of the Company and the fair value of the plan assets are presented in Note 19.2(b).

22. EQUITY

22.1 Capital Stock

As of December 31, 2025 and 2024, the details of capital stock and treasury shares are as follow:

	Number of Shares	Amounts in PHP
Authorized and issued shares		
Preferred A – P0.10 par value	73,000,000,000	7,300,000,000
Preferred B – P0.01 par value	20,000,000,000	200,000,000
Common – P0.10 par value	25,000,000,000	2,500,000,000
Total authorized and issued shares	**118,000,000,000**	**10,000,000,000**
Treasury shares – at cost		
Preferred A	73,000,000,000	7,300,000,000
Preferred B	7,464,492,101	74,644,921
Common	6,924,221,069	5,371,585,385
Total treasury shares	**87,388,713,170**	**12,746,230,306**

On June 8, 2013, the Company approved the reclassification of its authorized capital from P10.0 billion divided into 9.9 billion voting, participating and reissuable preferred shares, redeemable at the option of the Company, and 100.0 million common shares, both with a par value of P1.0 per share, into P10.0 billion divided into 25.0 billion common shares with par value of P0.10 per share, 73.0 billion redeemable, non-voting, non-participating and reissuable preferred A shares with par value of P0.10 per share; and, 20.0 billion redeemable, voting, participating and reissuable preferred B shares with par value of P0.01 per share.

All the preferred shares are convertible into common shares and redeemable at the option of the Company under such terms and conditions as may be determined by the Company.

The reclassification was subsequently approved by the SEC on June 26, 2013. On March 12, 2014, the SEC approved another amendment to the Company's articles of incorporation to remove the convertibility feature of its preferred A and preferred B shares.

Also, on June 8, 2013, the Company's BOD approved the reissuance of 10.0 billion preferred B shares previously held under treasury at par value or P100.0 million. The preferred B shares are entitled to receive dividends at a rate, price, amount participation, and other terms and conditions to be fixed by the Company prior to the dividend issue date.

On November 5, 2013 and December 6, 2013, the Company issued through Initial Public Offering (IPO) 1,573,222,300 common shares and exercised its over-allotment option of 23,645,550 common shares, respectively, at an issue price of P11.28 per common share. Such issuances resulted in an increase in APIC of P16.6 billion, which is net of IPO-related expenses of P1.3 billion.

On August 13, 2019, the BOD of the Company approved the voluntary delisting of the common shares from the main board of the PSE. The Company made a tender offer for up to 1,582,867,900 common shares held by the public shareholders, at a tender offer price of P5.5 per common share. At the end of tender offer on September 23, 2019, the Company was able to buyback 1,321,060,505 shares for P7.3 billion, which brings down the public ownership of common shares from 10% to 1.8%. Accordingly, the PSE approved the petition for voluntary delisting and the Company's shares ceased to be traded publicly on October 21, 2019.

In February 17, 2022, the Company received a capital infusion from AGI via an equity call for an allocated common shares (3.6 billion) and preferred shares (2.5 billion) at an exercise price of P2.40, and P0.02 respectively, for a total of P7.8 billion to be received in four tranches starting from date of agreement. As of December 31, 2022, 50% of the agreed amount was already received by the Company amounting to P3.9 billion through the reissuance of treasury shares. In return of said infusion, the Company reissued 1,267,753,951 preferred B and 1,820,874,993 common shares from treasury at P0.02 and P2.14 per share, respectively, to AGI resulting to a decrease in treasury shares amounting to P1.4 billion and an additional APIC amounting to P2.5 billion. In 2023, the remaining amount was received resulting to a further decrease in treasury shares and additional APIC amounting to P1.4 billion and P2.5 billion, respectively.

22.2 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the statements of changes in equity at their aggregate amount under Revaluation Reserves – Net account, are shown below and in the succeeding page.

(Amounts in PHP)	**Financial Assets at FVOCI** [see Note 26.2(a)]	**Retirement Benefit Obligation** (see Note 19.2)	**Total**
Balance as of January 1, 2025	267,662,000	(309,352,075)	(41,690,075)
Remeasurements of retirement benefit obligation	-	10,633,486	10,633,486
Fair value gains on financial assets of FVOCI	(16,000,000)	-	(16,000,000)
Tax effect	-	(7,062,448)	(7,062,448)
Other comprehensive income (loss)	(16,000,000)	3,571,038	(12,428,962)
Balance as of December 31, 2025	**251,662,000**	**(305,781,037)**	**(54,119,037)**

(Amounts in PHP)	Financial Assets at FVOCI [see Note 26.2(a)]	Retirement Benefit Obligation (see Note 19.2)	Total
Balance as of January 1, 2024	191,951,080	(251,455,282)	(59,504,202)
Remeasurements of retirement benefit obligation	-	(59,596,031)	(59,596,031)
Fair value gains on financial assets at FVOCI	75,710,920	-	75,710,920
Tax effect	-	1,699,238	1,699,238
Other comprehensive income (loss)	75,710,920	(57,896,793)	17,814,127
Balance as of December 31, 2024	267,662,000	(309,352,075)	(41,690,075)
Balance as of January 1, 2023	117,951,080	74,289,534	192,240,614
Remeasurements of retirement benefit obligation	-	(326,094,594)	(326,094,594)
Fair value gains on financial assets at FVOCI	74,000,000	-	74,000,000
Tax effect	-	349,778	349,778
Other comprehensive income	74,000,000	(325,744,816)	(251,744,816)
Balance as of December 31, 2023	191,951,080	(251,455,282)	(59,504,202)

23. COMMITMENTS AND CONTINGENCIES

23.1 Operating Lease Commitment – Company as Lessor

The Company is a lessor under non-cancellable operating lease agreements covering certain office, commercial and other spaces. The leases have terms ranging from three to seven years, with renewal options, and include annual escalation rate of 3% to 10%. The future minimum lease receivables, wherein significant renewals were entered into by the parties in 2025 and 2024, under these non-cancellable operating leases as at December 31 are presented below:

(Amounts in PHP)	**2025**	2024
Within one year	**260,004,932**	236,534,600
After one year but not more than five years	**193,755,284**	199,135,978
	453,760,216	435,670,578

The Company is subject to risk incidental to its rental of office, commercial and other spaces, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth, particularly from mall tenants, does not meet management's expectations, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, the Company requires security deposits from commercial tenants, respectively (see Note 14).

Total rentals from these operating leases in 2025, 2024 and 2023 amounted to P580.3 million, P669.8 million, and P527.2 million, respectively, and presented as Rentals under the Other Revenues – Net in the statements of comprehensive income (see Note 17).

23.2 Various Hotel Agreements

(a) Marriott Company

The Company has various service, license and royalty agreements with Marriott International B.V., Marriott International Design and Construction Services Inc., and International Hotel Licensing Company S.A.R.L., and Marriott International Licensing Company B.V. (collectively hereafter referred to as Marriott Group) for the license, supervision, direction, control and management of operations of the Company's Marriott, including the monitoring of its compliance with Marriott Group's standards.

The service agreements also include certain services in support of Marriott outside the Philippines. Such services are generally made available to hotels in the Marriott System and shall include the international advertising, promotion and sales programs, core training programs and other training programs for the benefit of the Marriott employees, special services and programs for the benefit of the Marriott System, and the reservations system, property management system and other systems.

Further, the license and royalty agreement with Marriott Group grants the Company a nonexclusive and nontransferable right and license within Metro Manila and Iloilo to use the Marriott Trademarks for hotel services and other related goods and services offered only in connection with the Company's Marriott hotels and brands.

(b) Holiday Inn Express

In 2017, the Company also entered into a Hotel Management Agreement (HMA) with Holiday Inns (Philippines), Inc. for the license, supervision, direction, control and management of operations of Holiday Inn Express (formerly Remington Hotel), including the monitoring of its compliance with the hotel group standards. The HMA includes security arrangements, refurbishment of the existing structure, rebranding, advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The parties also entered into a Franchise Agreement for the non-exclusive use and non-transferable license to use the brand marks for the hotel services and other related goods offered in connection with the Company's Holiday Inn Express.

(c) Hotel Okura Manila

Also in 2017, the Company and Hotel Okura Co., Ltd (Okura) signed another HMA for the license, supervision, direction, control and management of operations of the Hotel Okura Manila, which includes advertising, promotion and sales programs, core training programs and other training programs for the benefit of the employees, special services, the reservations system, property management system and other systems.

The HMA with Okura grants the Company a nonexclusive and nontransferable right to use the Okura trademarks for hotel services and other related goods and services offered only in connection with the Hotel Okura Manila.

In 2019, Hotel Okura Co., Ltd.'s wholly owned subsidiary, Okura Nikko Hotel Management Co., Ltd., entered into a Deed of Assignment and Assumption of Management Agreement with the Company relating to Okura. On January 2022, Hotel Okura started its commercial operations.

Payments to be made by the Company for operating these foregoing hotel brands shall be computed based on the provisions of the above agreements. Total amounts recognized from these transactions in 2025, 2024 and 2023 totaled P176.1 million, P156.8 million and P144.1 million, respectively, and are presented as part of Management fees under the General and Administrative Expenses in the statements of comprehensive income (see Note 16).

The outstanding liabilities, which are unsecured, noninterest-bearing and payable in cash upon demand, as at December 31, 2025 and 2024 amounted to P55.9 million and P53.6 million, respectively, and are presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

23.3 Provisional License Agreement with PAGCOR

On June 2, 2008, PAGCOR issued a Provisional License authorizing the Company to participate in the development of a portion of certain entertainment sites (Site A and Site B), which is part of a larger scale integrated tourism project envisioned by the PAGCOR, and to establish and operate casinos, and engage in gambling activities in Sites A and B (collectively referred to as the Project). The term of the Company's License shall be co-terminus with PAGCOR's franchise which will expire on July 11, 2033 and shall be renewed subject to the terms of the PAGCOR Charter.

(a) Debt–Equity Ratio Requirement

The Provisional License Agreement provides, among others, that the Company's License may be revoked or suspended upon failure of the Company to comply with the 70% debt – 30% equity ratio requirement of PAGCOR (see Note 26). As at December 31, 2025 and 2024, the Company is in compliance with this provision.

(b) Accession of WCI to the Provisional License

On March 18, 2013, the Company and WCI entered into a deed of accession (the Deed of Accession), which was accepted, agreed and consented to by PAGCOR. Pursuant to the Deed of Accession, WCI acceded to the rights, title, interests and obligations of the Company under the Provisional License and other relevant agreements with PAGCOR. Accordingly, PAGCOR recognized and included WCI as a co-licensee and co-holder of the Provisional License and other relevant agreements with PAGCOR.

Further, on June 10, 2013, the Company and WCI entered into a cooperation agreement (the Cooperation Agreement) which designates the parties' respective rights, interests and obligations under the Provisional License and other relevant agreements with PAGCOR. Specifically, the parties agreed that WCI would have all the rights and obligations under the Provisional License with respect to Site A and that the Company would have all the rights and obligations with respect to Site B.

Accordingly, on June 28, 2013, PAGCOR issued an Amended Certificate of Affiliation and Provisional License certifying the Company and WCI as co-licensees and co-holders of the Provisional License and other relevant agreements with PAGCOR. As co-licensees and co-holders, the Company and WCI are bound by certain investment commitments [see Note 23.3(c)].

(c) Investment Commitments

As required by the Provisional License Agreement, the Company and WCI are required to complete its U.S. $1.3 billion (about P76.4 billion) investment commitment in phases, wherein the amount is divided into Site A and Site B with the minimum investment of U.S. $1.1 billion (about P64.7 billion) and U.S. $216.0 million (about P12.7 billion), respectively [see Note 23.3(b)]. The cost of the Project includes land acquisition costs, costs related to securing development rights, construction, equipment, development costs, financing costs and all other expenses directly related to the completion of the Project (see Note 10).

Since PAGCOR was only able to turnover and/or deliver possession of Site A property to the Company in 2014, PAGCOR approved a revised project implementation plan for the Westside City Project (Site A). WCI held the groundbreaking rites at Site A on October 1, 2014.

As a requirement in developing the aforementioned Project, the Company transferred U.S. $100.0 million (about P5.9 billion) to an escrow account with a universal bank mutually agreed by PAGCOR and the Company.

At any given time, the escrow account shall have a maintaining balance of not lower than U.S. $50.0 million (about P2.6 billion) (see Note 8).

If the funds fall below the maintaining balance at any given time, the Company is allowed a 15-day grace period to achieve the maintaining balance, failure in which will cause the Company to be charged by PAGCOR an amount equal to P2.5 million for every 15 calendar day period, or a fraction thereof, until the balance is maintained.

While the Project is on-going, all funds for the development of the Project shall pass through the escrow account and all drawdowns of funds therefrom must be applied to the Project, unless the Company is allowed to use other funds.

As at December 31, 2025, the Company has spent P141.3 billion (about $2.4 billion) for its casino projects pursuant to its investment commitments under the Provisional License Agreement.

The Company has restricted short-term placements amounting to U.S. $80.0 million (about P4.7 billion) and U.S. $45.4 million (about P2.7 billion) as at December 31, 2025 and 2024, respectively, to meet its requirements with PAGCOR in relation to the Company's investment commitments (see Note 8).

(d) Requirement to Establish a Foundation

The Company, with the approval of PAGCOR, is required to incorporate and register a foundation for the restoration of cultural heritage not later than 60 days from the signing of the Provisional License Agreement. In compliance with the said requirement, Newport World Resorts Foundation Inc. (the Foundation), formerly Resorts World Philippines Cultural Heritage Foundation, Inc., was incorporated in the Philippines on September 7, 2011 primarily to engage in various activities for charitable, educational, cultural and artistic purposes, and to promote, perpetuate, preserve and encourage Filipino culture.

The Foundation shall be funded by the company by setting aside funds on a monthly basis equivalent to 2% of total gross gaming revenues from non-junket tables. PAGCOR sets the guidelines for the utilization of funds as it approves, monitors the implementation, and conducts a post-audit of the projects the Foundation undertakes.

Pursuant to PAGCOR's guidelines, the Foundation is tasked to undertake projects in line with the following disciplines: (i) cultural heritage; (ii) education; and, (iii) environment and health. As of December 31, 2025, the following are the completed and on-going projects of the Foundation:

- Donation of relief goods to victims of typhoons;
- Construction of school buildings in partnership with the Philippine Department of Education (DepEd) whereby six school buildings in various public schools in Metro Manila and Luzon were completed and turned over to DepEd and the academic institutions;
- Computerization project with DepEd through providing a computer laboratories to various public schools in different parts of the country whereby all phases of the said project covering 27 schools have been completed;
- Funding of the construction of a cadet barracks at the Philippine Military Academy (PMA) in Baguio City in a joint effort with another PAGCOR licensee's foundation, which was completed and turned over to PMA;
- Scholarship programs for underprivileged but deserving students enrolled in the field of performing arts;
- Construction of treatment and rehabilitation centers in coordination with the Department of Health in Davao City and Taguig City;
- Donation of funds for medicines, medical supplies and equipment for Philippine National Police Camp Crame General Hospital and Paranaque City;
- Donation of medical supplies and relief goods to public hospitals and various government units to aid in the COVID-19 efforts;

- Construction of the National Capital Region Police Office Medical Center and Administrative Processing Center;
- Donation of funds for the redevelopment of the Baguio City Post Office Park;
- Construction of the Philippine Military Academy Alumni Association, Inc. Center for Leadership Excellence;
- Donation of funds for the Construction of the Naga City Hospital Phase II;
- Information, education and communication materials for Dangerous Drugs Abuse Prevention and Treatment Program;
- Cash donation for the construction of the Magiting Verterans Wing at Veterans Memorial Medical Center;
- Donation of motorcycles including fuel and lubricants to the PNP Southern Police District;
- Donation of mobile laboratory services vans to the Local Governments of Caloocan and Malabon; and
- Other projects and sponsorship activities.

Donations made to the Foundation are recorded as part of Donations and contributions under General and Administrative Expenses in the statements of comprehensive income (see Note 16). The outstanding liability, representing donations due for the last month of each year, and which is unsecured, non-interest-bearing and payable in cash upon demand, as at December 31, 2025 and 2024 is presented as part of Accrued expenses under Trade and Other Payables account in the statements of financial position (see Note 14).

(e) Tax Contingencies of Casino Operations

The Company is subject to 25% and 15% license fees, inclusive of franchise tax and in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR (see Notes 20.2). In April 2013, however, the BIR issued RMC 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended (see Note 20.2).

In August 2016, the SC confirmed that "all contractees and licensees of PAGCOR, upon payment of the 5% franchise tax, shall be exempted from all other taxes, including income tax realized from the operation of casinos". The SC Decision has been affirmed with finality in the SC Resolution dated November 28, 2016, when it denied the Motion for Reconsideration filed by the BIR. Consistent with the decision of SC, on June 13, 2018, the Office of the Solicitor General issued a legal opinion stating that the tax exemption and imposition of 5% franchise tax in lieu of all other taxes and fees for gaming operations that was granted to PAGCOR extended to all PAGCOR contractees and licensees.

In March 2022, the BIR issued a circular which sought to clarify that the franchise tax imposed to PAGCOR and its licensees, which is defined as 5% of the gross gaming revenues, shall be remitted to the BIR, specifically to the concerned Revenue District Office where the licensee is registered. In the same circular, BIR also clarified that the exemption to VAT covers only the contractees of PAGCOR but not the licensees. However, the Company is in the position that the SC Decision extends to both on all taxes, including VAT, and as such, management did not report any VAT on its gaming transactions.

23.4 Participation in the Incorporation of Entertainment City Estate Management, Inc. (ECEMI)

As a PAGCOR licensee, the Company committed itself to take part in the incorporation of ECEMI in 2012, a non-stock, non-profit entity that shall be responsible for the general welfare, property, services and reputation of the Bagong Nayong Pilipino Entertainment City Manila.

As of December 31, 2025 and 2024, contributions to ECEMI amounting to P1.3 million are included under Advances to Related Parties in the statements of financial position (see Note 22.3).

23.5 Co-Development Agreement (CDA) between WCI and Suntrust Resort Holdings, Inc. (SUN)

On October 28, 2019, a co-development agreement was entered into between WCI and SUN, under and pursuant to which WCI and the Company are to lease a portion of Site A to SUN for the development and construction of the hotel casino that SUN will operate and manage as allowed under the Provisional license issued by PAGCOR to the Company.

As part of the co-development agreement with SUN, Fortune Noble Limited (Fortune) [a wholly-owned subsidiary of LET Group Holdings Limited], the parent company of SUN, conditionally agreed to subscribe to 2.55 billion new SUN Shares subject to the terms and conditions mutually agreed upon by the parties. WCI and the Company agreed to act as the warrantors, wherein, a put option over the shares of SUN was included. The put option enables Fortune to transfer ownership over SUN to the warrantors in exchange for an option price, upon the happening of any of the put option events during the option period.

The option period commences from the date of the agreement up to the day immediately preceding the date on which the hotel casino first starts its operation. The put option events mainly pertains to the successful commencement of operations of the hotel casino, which include, among others, the termination or suspension of gaming license due to the default of the warrantors, termination of the Company's lease over Site A as applicable, or failure to acquire government consent for operation of hotel casino.

The option price is equivalent to the aggregate of; (a) the consideration for the acquisition by Fortune of the 1.1 billion SUN shares as at the date of the agreement together with interest from the date of completion of the said acquisition up to the date of completion of the put option; and, (b) the aggregate of the shares subscription price for the subscription of 2.6 billion new SUN shares including interest as well from the date of Shares Subscription Completion up to the date of completion of the put option.

Management assessed that since the put option transfers significant risk to WCI and to the Company, as warrantors, it shall be accounted for as a financial guarantee to be measured under PFRS 9 [see Note 3.1(j)]. Accordingly, the put option was initially recognized at the amount of premium received then, subsequently measured at the higher of the amount initially recognized or the amount using the ECL model [see Note 2.4(a)].

In accordance with the ECL model, the option price that WCI and Parent Company is committed to pay was compared with the value of the collateral or the shares they will receive using the put option. Management determined that the committed option price as of 2024 amounted to P3.2 billion, which were traded on the Philippine Stock Exchange at P0.90 per share (P3.2 billion in total). As the option price is fully secured by the value of SUN shares and as management assessed that the probability of default was assessed to be remote, the Company assigned a nil value to the instrument as at December 31, 2024.

In 2025, the Company entered into agreements to pursue a strategic working arrangement with SUN, WCI, WBHC, and ECRC to expedite the completion of the now-expanded Westside Resort Project. Pursuant to this strategic working arrangement, SUN irrevocably and unconditionally assigned, transferred, and conveyed all of its rights, interests, and obligations relating to the Westside Resort Project to ECRC. As a result of the assignment, the put option granted to Fortune has effectively been rendered inoperative.

23.6 Others

The Company has unutilized credit lines amounting to P2.8 billion and P1.5 billion as of December 31, 2025 and 2024, respectively (see Note 13).

Also, the Company, in the normal course of its business, makes various construction and other commitments, and incurs certain contingent liabilities which are not reflected as at the end of the reporting periods in the financial statements. Management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effects on the financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and financial liabilities by category are summarized in Note 25. The main types of risks are market risk (foreign currency, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's risk management is coordinated with its BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

24.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing, and financing activities.

(a) *Foreign Currency Risk*

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's foreign currency-denominated cash, trade and other receivables, and trade and other payables, which are primarily denominated in U.S. dollar (USD) and Hong Kong dollar (HKD).

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and financial liabilities, translated into Philippine pesos at the closing rate, are shown below:

	USD	PHP Equivalent	HKD	PHP Equivalent
2025				
Financial assets	80,600,752	4,732,927,248	382,113,697	2,891,416,132
Financial liabilities	(14,002,256)	(823,402,660)	(74,744,969)	(565,587,705)
	66,598,496	**3,909,524,588**	**307,368,728**	**2,325,828,427**
2024				
Financial asset	4,603,424	267,063,065	312,428,724	2,333,342,682
Financial liabilities	(13,882,276)	(805,366,342)	(56,035,678)	(418,496,857)
	(9,278,852)	(538,303,277)	256,393,046	1,914,845,825

The sensitivity of the income or loss before tax for the period with regard to the Company's financial assets and the USD – Philippine peso exchange rate assumes +/- 15.53% and +/- 14.16% changes in exchange rate for the years ended December 31, 2025 and 2024. The HKD – Philippine peso exchange rate assumes +/- 15.67% and +/- 14.12% changes for 2025 and 2024, respectively. These percentages have been determined based on the average market volatility in exchange rates in the previous year and 12 months, respectively, estimated at 99% level of confidence. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting periods.

If the Philippine peso had strengthened against the USD, with all other variables held constant, profit before tax would have been higher by P122.4 million in 2025 and P76.2 million in 2024. In terms of HKD, if the Philippine peso had strengthened against the foreign currency, with all other variables held constant, profit before tax would have decreased by P364.5 million in 2025 and P270.4 million in 2024.

However, if the Philippine peso had weakened against the USD and the HKD by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Majority of long-term borrowings are therefore usually at fixed rates. At December 31, 2025 and 2024, the Company is exposed to changes in market interest rates through cash and certain interest-bearing loans and borrowings which are subject to variable interest rates (see Notes 5 and 13). All other interest-bearing financial assets and liabilities have fixed rates.

The following illustrates the sensitivity of the Company's profit or loss before tax to a reasonably possible change in interest rates of +/- 0.004% and +/- 0.100% for Philippine pesos in 2025 and 2024, respectively. These percentage changes in rates have been determined based on the average market volatility in interest rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence.

The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting periods, with effect estimated from the beginning of the year. All other variables are held constant, if interest rates have decreased and increased by 0.003% in 2025 and 0.1000% in 2024, profit before tax both in 2025 and 2024 would have decreased and increased by P3.0 million. Conversely, if the interest rate decreased by the same percentages, profit or loss before tax would have changed at the opposite direction by the same amounts.

24.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, which include granting loans and receivables to customers and other counterparties, placing deposits to banks, and entering into financial guarantee contract.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements) as summarized below.

(Amounts in PHP)	Notes	**2025**	2024
Cash	5	**7,881,999,345**	10,210,062,625
Restricted short-term placements	8, 23.3(c)	**4,697,600,000**	2,633,667,852
Trade and other receivables – net	6	**2,298,522,121**	1,974,230,690
Advances to related parties – net	21.6	**19,171,292,343**	20,930,457,230
Other non-current assets:	12		
Refundable deposits		**150,677,781**	96,380,056
Receivables from employees		**81,497,895**	87,834,285
Financial guarantee contract	23.5	**-**	3,234,200,501
		34,281,589,485	39,166,833,239

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described in the succeeding page.

(a) *Cash, Restricted Short-term Placements and Other Deposits in Bank, and Investments in Time Deposits*

The credit risk for cash and similar financial assets herein is considered negligible or the probability of default from the reputable depositary banks are remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million per depositor per banking institution.

(b) *Trade and Other Receivables – Net*

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The trade receivables relate mostly to receivables from third parties arising from hotel accommodations, food and beverage operations, lease transactions, and other revenue-generating activities. The Company assessed that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for these financial assets.

The expected loss rates on trade and other receivables are based on the payment and aging profiles of such receivables over a period of 36 months before December 31, 2025, and the corresponding historical credit losses experienced within such period. In determining the historical loss rates the Company considered the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, including the consumer confidence and price indices (food and beverage, recreation and culture), gross domestic product growth rate and inflation.

On that basis, the loss allowance as at December 31, 2025 and 2024 was determined based on months past due, as follows:

(Amounts in PHP)	**Not more than 3 months**	**More than 3 months but not more than 6 months**	**More than 6 months but not more than 1 year**	**More than 1 year**	**Total**
December 31, 2025					
Expected loss rate	**0.00%**	**72.30%**	**95.60%**	**100.00%**	
Gross carrying amount	**2,263,080,822**	**121,461,189**	**40,830,687**	**22,423,010**	**2,447,795,708**
Loss allowance	**-**	**87,816,440**	**39,034,137**	**22,423,010**	**149,273,587**
December 31, 2024					
Expected loss rate	0.00%	62.71%	92.35%	100.00%	
Gross carrying amount	1,920,895,937	135,119,921	38,471,003	19,383,007	2,113,869,868
Loss allowance	-	84,728,200	35,527,971	19,383,007	139,639,178

Other components of trade and other receivables such as interest receivables and claim receivables are also evaluated by the Company for impairment and assessed that no ECL should be provided based on the available liquid assets and credit standing of the counterparties. The balance of receivables from employees, which are secured to the extent of the related condominium units, does not include significant past-due accounts and had no experience of defaults since these are settled through lump sum payment or salary deductions.

The Company identifies a default when the receivables become credit impaired or when the customer has not able to settle the receivables beyond the normal credit terms of 90 days for hotel operations and 180 days for lease operations; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

(c) Advances to Related Parties – Net

Advances to related parties pertain to cash grants to the Company's officers and employees, associate and related parties under common ownership. For officers and employees, the Company assessed that it is not exposed to significant credit risk as there were no historical experiences of default and that these advances are generally collectible through salary deductions. For advances to an associate, the Company deemed that exposure at default is low as it has an outstanding advances from such counterparty. Further, the associate has sufficient assets which can cover for the outstanding balance should default occur. Based on the foregoing, the Company did not provide an ECL on such balances.

With respect to its advances to subsidiaries and related parties under common ownership, the Company did not recognize an impairment loss for 2025, 2024 and 2023.

(d) Refundable Deposits

Management has assessed that these financial assets have low probability of default since these relate to reputable power and water distribution companies (i.e., with high quality external credit ratings) that sustain the entire operations and other related projects of the Company.

(e) Other Assets with Exposure to Credit Risks

Management has assessed that risk over the put option has not increased significantly, as the related probability of any of the put option event from happening is low or remote under the circumstances. Hence, in accordance the general approach of ECL, the value of the put option was measured on a 12-month basis (see Note 23.5).

24.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year periods are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2025 and 2024, the Company's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	Current			Non-current
	Upon Demand	**Within 6 Months**	**6 to 12 Months**	**1 to 19 Years**
December 31, 2025				
Interest-bearing loans and borrowings	-	11,567,108,363	7,772,622,102	63,252,398,089
Trade and other payables (except tax-related liabilities, license fees payable liability for unredeemed gaming points)	406,589,569	10,036,702,588	24,162,755	-
Slot jackpot liability	-	767,389,124	-	-
Advances from related parties	677,265,774	-	-	-
Other non-current liabilites	-	-	-	485,918,554
	1,083,855,343	**22,371,200,075**	**7,796,784,857**	**63,738,316,643**
December 31, 2024				
Interest-bearing loans and borrowings	-	11,778,133,086	12,689,538,938	54,637,457,937
Trade and other payables, license fees payable liability for unredeemed gaming points)	101,926,118	12,658,454,627	30,390,651	-
Slot jackpot liability	-	772,287,098	-	
Advances from related parties	1,208,109,781	-	-	
Other non-current liabilities	-	-	-	3,585,769,167
	1,310,035,899	25,208,874,811	12,719,929,589	58,223,227,104

The contractual maturities reflect the gross cash flows which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

25. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

		2025		2024	
(Amounts in PHP)	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets					
At amortized cost:					
Cash	5	**7,881,999,345**	**7,881,999,345**	10,210,062,625	10,210,062,625
Trade and other receivables – net	6	**2,298,522,121**	**2,298,522,121**	1,974,230,690	1,974,230,690
Advances to related parties – net	21.6	**19,171,292,343**	**19,171,292,343**	20,930,457,230	20,930,457,230
Restricted short-term placements	8	**4,697,600,000**	**4,697,600,000**	2,633,667,852	2,633,667,852
Other non current assets:					
Refundable deposits	12	**150,677,781**	**150,677,781**	96,380,056	91,038,462
Receivables from employees	12	**81,497,895**	**81,497,895**	87,834,285	87,834,285
		34,281,589,485	**34,281,589,485**	35,932,632,738	35,927,291,144
Financial assets at FVOCI		**299,800,000**	**299,800,000**	315,800,000	315,800,000
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	13	**64,552,609,366**	**65,903,514,829**	62,642,664,543	64,551,796,424
Trade and other payables	14	**10,467,454,912**	**10,467,454,912**	12,790,771,396	12,790,771,396
Advances from related parties	21.5	**677,265,774**	**677,265,774**	1,208,109,781	1,208,109,781
Other non-current liabilities	14	**485,918,554**	**485,918,554**	3,585,769,167	3,585,769,167
		76,183,248,606	**77,534,154,069**	80,227,314,887	82,136,446,768
At fair value through profit of loss –					
Slot jackpot liability	14	**767,389,124**	**767,389,124**	772,287,098	772,287,098

See Note 2.4 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 24.

25.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2025 and 2024 and does not have relevant offsetting arrangements, except as disclosed in Note 21.5. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders.

As such, the Company's outstanding receivables from and payables to the same related parties as presented in Note 21 can be potentially offset to the extent of their corresponding outstanding balances.

26. FAIR VALUE MEASUREMENT AND DISCLOSURE

26.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: 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); and,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

26.2 Financial Instruments Measured at Fair Value

(a) Financial Assets at FVOCI

Golf club and other club shares classified as financial assets at FVOCI are included in Level 2 as their prices are not derived from market and not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

The fair value of these shares decreased by P16.0 million in 2025 and increased by P75.7 million and P74.0 million in 2024 and 2023, respectively, which are presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income in the statements of comprehensive income.

Accumulated fair value gains on these financial assets is presented as part of Revaluation Reserves – Net account in the statements of financial position (see Note 22.2).

(b) Financial Liabilities arising from Derivative Transactions

Slot jackpot liability refers to the accrual for unsettled wagers related to the expected and eventual payouts of the Company as of the last trading day for the year. As the provision accumulates on a real-time basis based on pattern of play, less any payouts, the amount of the obligation as of the end of the reporting period represents its fair value. The outstanding amounts as of December 31, 2025 and 2024 is presented under Trade and Other Payables account in the statements of financial position (see Note 14).

There were no transfers across the levels of the fair value hierarchy for both club shares and provision for slot jackpot in 2025 and 2024.

26.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management determined that due to the short duration of its financial assets and financial liabilities, as disclosed in Note 25, their carrying amounts as of December 31, 2025 and 2024 approximate their fair values, except for advances to related parties – net and interest-bearing loans and borrowings. Only cash, restricted short-term placements and investment in time deposits are categorized under Level 1 while all other financial instruments are categorized under Level 3 of their fair value hierarchy.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

26.4 Fair Value for Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Company's investment property (see Note 11) was determined by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate and other relevant considerations. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is their current use.

As of December 31, 2025 and 2024, the fair value of the Company's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the investment property was determined using the income approach which is performed with values derived using a 15-year discounted cash flow model with 16th year reversion value. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital.

The approach involves the projection of the discounting revenues, outgoing expenses over the future 15 years with reference to the anticipated revenues. The reversion value at the 16th year is capitalized at an appropriate capitalization rate to determine the terminal value of the asset. The adopted capitalization for the asset may reflect the quality and market position of the asset at the end of the cash flow.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the Company's statements of financial position. The Company's goal in capital management is for the Company to maintain a debt – equity structure of not higher than 70% debt – 30% equity ratio [see Note 23.3(a)].

The computation for the debt – equity structure for the reporting periods as at December 31, 2025, 2024 and 2023 is shown as follows:

(Amounts in PHP)	**2025**	2024	2023
Total debt from financing:			
Interest-bearing loans and borrowings	**64,552,609,366**	62,642,664,543	53,037,553,259
Advances from related parties	**677,265,774**	1,208,109,781	2,655,723,856
	65,229,875,140	63,850,774,324	55,693,277,115
Total equity	**40,518,815,044**	39,796,574,884	39,368,084,444
Debt-equity ratio	**62% - 38%**	62% - 38%	59% - 41%

All ratios as at December 31, 2025, 2024 and 2023 are compliant with the Company's Provisional License Agreement with PAGCOR [see Note 23.3(a)].

The Company sets the amount of capital in proportion to its overall financing structure, i.e., total equity and total debt from financing. The Company 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 Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce debt.

28. EARNINGS PER SHARE

The earnings per share (EPS) is computed as follows:

(Amounts in PHP)	**2025**	2024	2023
Basic and diluted:			
Net profit for the year	**734,669,122**	410,676,313	1,697,445,905
Divided by weighted average number of outstanding common shares	**18,075,778,931**	**18,075,778,931**	15,651,923,690
	0.041	0.023	0.108

There were no other potentially dilutive shares as at December 31, 2025, 2024 and 2023. Accordingly, the basic and diluted EPS are the same for all years presented.

29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) Output VAT

In 2025, the Company declared Output VAT as follows:

(Amounts in PHP)	**Tax Base**	**Output VAT**
Exempt revenues	32,563,523,118	-
Sale of goods and rendering of services	5,237,018,741	628,442,249
	37,800,541,859	**628,442,249**

The Company's VAT-exempt revenues were determined pursuant to Sections 13.2(a) and (b) of P.D. No. 1869, otherwise known as the PAGCOR Charter, and Section 109 of the National Internal Revenue Code of 1997, as amended. The VAT-exempt revenues is composed of Gaming Revenues and certain items under Other Revenues – Net in the 2025 statement of comprehensive income.

The Company's hotel operations is a PEZA-registered activity and is subject to 5% GIT on income solely derived from servicing foreign tourists. The Company's income from hotel operations derived from foreign tourists is classified as VAT zero-rated sales pursuant to Section 108(B) of the National Internal Revenue Code of 1997, as amended.

(b) Input VAT

The movements in input VAT in 2025 are summarized below.

(Amounts in PHP)	
Balance at beginning of year	1,046,635,715
Services lodged under cost of services	639,403,296
Applied against output VAT	(628,442,249)
Balance at end of year	**1,057,596,762**

Input VAT as at the end of the year represents deferred input tax on purchase of capital goods and input tax on importation of goods and is presented as Input VAT under Prepayments and Other Current Assets – Net and Other Non-Current Assets – Net accounts in the 2025 statement of financial position.

(c) Taxes on Importations

The Company did not have any importations in 2025 which are subject to customs duties and tariff fees.

(d) Excise Tax

The Company did not have any transactions in 2025 which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

In 2025, DST accrued and paid by the Company amounted to P100.0 million relating to the Company's documents, instruments and papers evidencing the acceptance, assignment, sale or transfer of an obligation and any right or property during the year, which is presented as part of Taxes and licenses under General and Administrative Expenses account in the 2025 statement of comprehensive income.

(f) Taxes and Licenses

The details of Taxes and licenses account shown in the 2025 statement of comprehensive income are as follows:

(Amounts in PHP)	
Real property tax	132,454,763
DST	100,043,922
Business permits and registration fees	18,749,088
Others	36,818,735
	288,066,508

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2025 are shown below.

(Amounts in PHP)	
Expanded	244,231,035
Compensation and benefits	167,260,472
Final	149,134,998
	560,626,505

(h) Deficiency Tax Assessments and Tax Cases

(i) Payment for Deficiency Tax

In 2025, the Company paid deficiency taxes which includes basic taxes, surcharge and compromise amounting to P112,598,310 and interest amounting to P23,388,287 for taxable year 2023. The deficiency payment is presented as Deficiency Taxes under Other Operating Expenses account in the 2025 statement of comprehensive income.

(ii) Other Tax Assessment and Cases

The Company received Final Decision on Disputed Assessment (FDDA) assessing the Company for deficiency income taxes in the aggregate amount, inclusive of interest and penalties, of P2.7 billion, P2.9 billion, P4.6 billion and P3.3 billion covering taxable years 2010 through 2013. Further, in 2014 and 2015, the Company received Final Assessment Notices (FAN) assessing the Company for deficiency VAT in the amount of P3.3 billion and P3.8 billion, respectively. The foregoing assessments stemmed from the BIR's interpretation of RMC 33-2013 which subjected the Company's gaming revenues to the regular income tax rate [see Notes 20.2 and 23.3(e)]. The Company timely filed the requisite Protests to the FAN and Requests for reconsideration to the FDDA with the BIR, and Petitions for review with the Philippines Court of Tax Appeals (CTA) for all assessments.

In 2018, 2019 and 2020, the CTA rendered decisions on the Company's appeal involving the deficiency assessments on income taxes for taxable years 2010, 2011 and 2012, respectively. In said decisions, the CTA declared the assessment void, cancelled and withdrawn. The decisions for taxable years 2010, 2011 and 2012 were affirmed by the CTA En Banc in 2020 and 2023. In 2021, the Supreme Court denied the CIR's Petitions for Review in relation to the deficiency assessments on income taxes for taxable year 2010 and 2011, and affirmed the decisions of the CTA, which declared void, cancelled, and withdrawn the said assessments.

Moreover, in 2020 and 2019, the BIR rendered a decision on the Company's appeal involving the deficiency assessment on VAT for taxable year 2014 and 2015, respectively. In its decision, the BIR similarly ruled both assessment as void, cancelled and withdrawn.

In 2022, the Supreme Court denied with finality the BIR's Petition for Review of the decision of the CTA, which declared void, cancelled, and withdrawn the assessment for deficiency income tax amounting to Php2.7 billion for the year 2010 considering that PAGCOR contractees and licensees are exempt from income tax on its gaming operations. Thus, the CTA's Decision cancelling the BIR's income tax assessment for the year 2010 amounting to PhP2.7 billion has become final.

Ruling in favor of the Company, the CTA Special Third Division (CTA Division) ordered in a Decision dated April 18, 2024, the cancellation and setting aside of the audit results and assessments notices for taxable year 2013 amounting to P3.3 billion. The subsequent Motion for Reconsideration filed by the CIR was denied by the CTA Division for lack of Merit.

On October 30, 2024, the CIR filed a Petition for Review before the CTA En Banc assailing the decision of the CTA Division. Considering that the arguments raised by the CIR in its Petition are mere rehash of their arguments before the CTA Division and the CTA En Banc has rendered similar assessments for income tax for other taxable years a void, the management is optimistic that the CTA En Banc will deny the Petition for Review of the CIR and the rule in favor of the Company. Further, significant developments that removed the uncertainty on exemption from taxation of gaming revenues is in line with said management assessment [see Notes 20.2 and 23.3(e)].

P&A
Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Travellers International Hotel Group, Inc.
(A Subsidiary of Alliance Global Group, Inc.)
10/F Newport Entertainment & Commercial Centre
Newport Boulevard, Newport Cybertourism Economic Zone
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Travellers International Hotel Group, Inc. for the year ended December 31, 2025, on which we have rendered our report dated April 15, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Map Showing the Relationship Between and Among the Company and its Related Entities; and,

b. Reconciliation of Retained Earnings Available for Dividend Declaration as of December 31, 2025

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

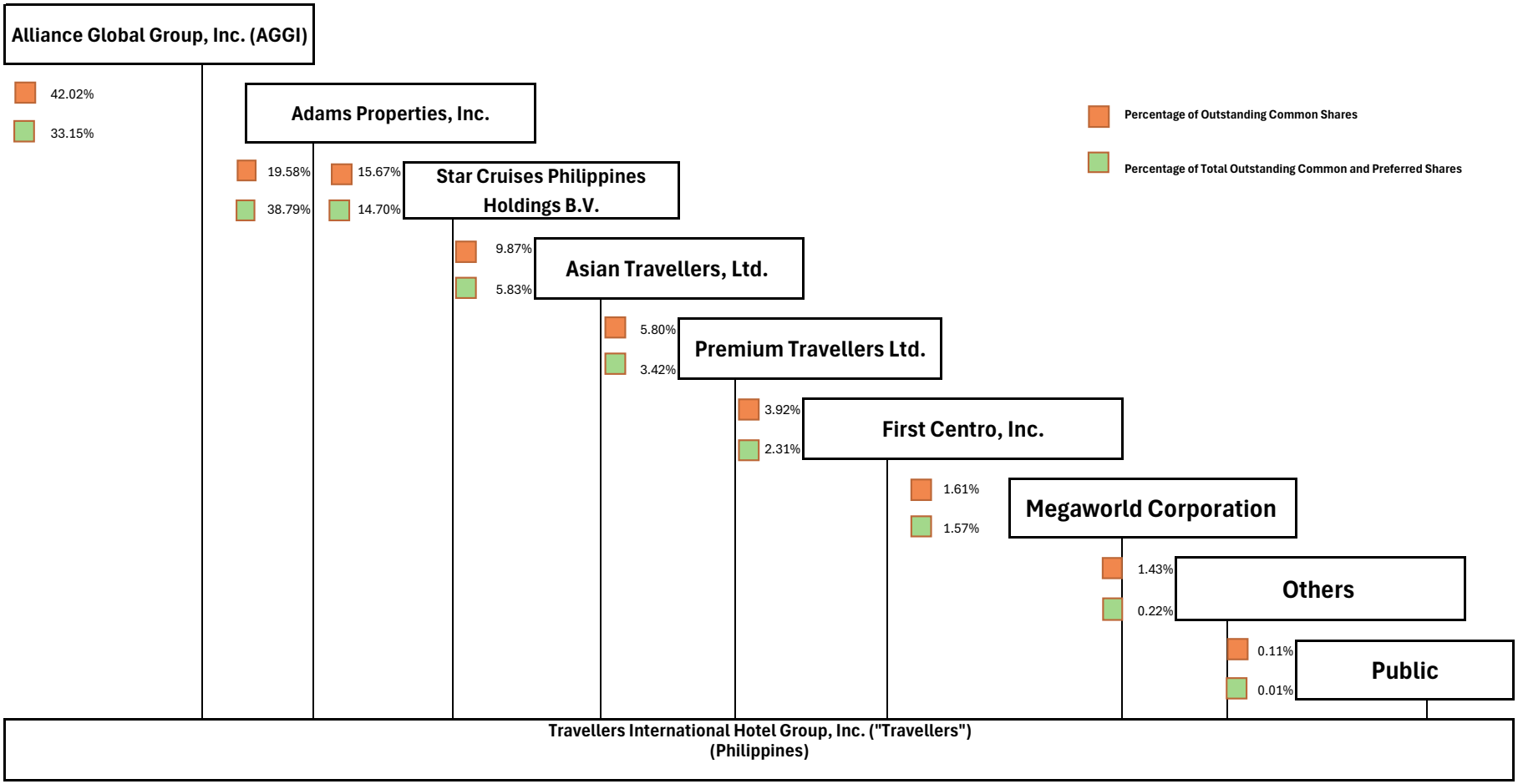
PUNONGBAYAN & ARAULLO

By: Yusoph A. Maute
Partner

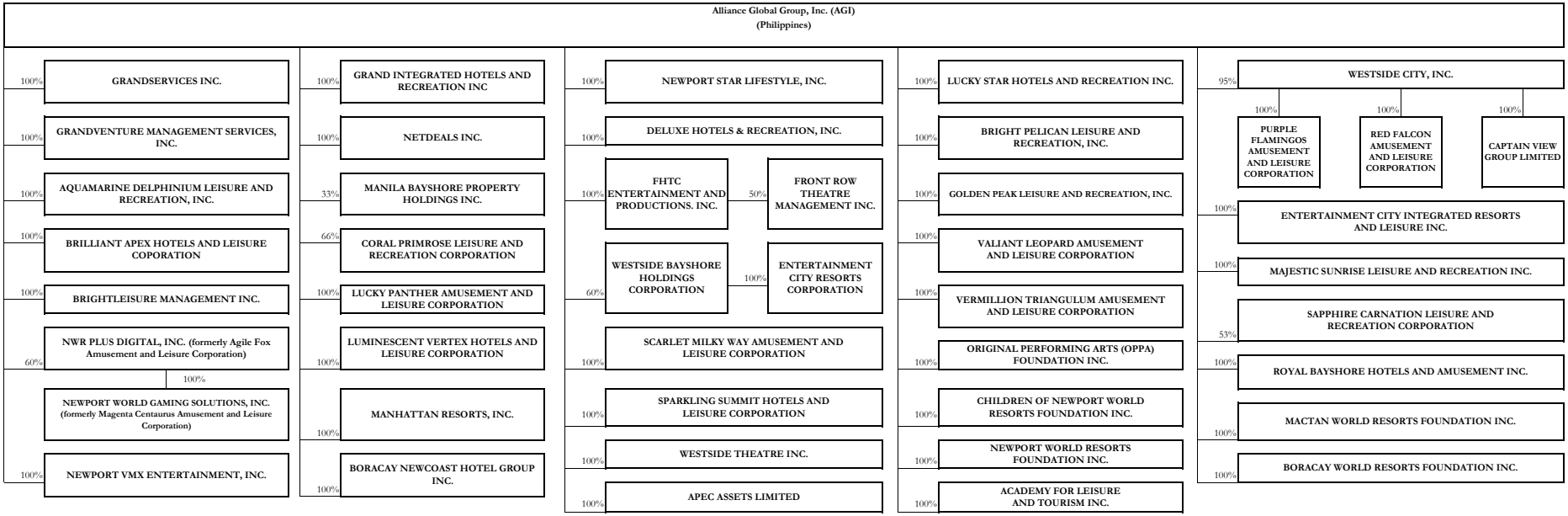
CPA Reg. No. 0140306
TIN 415-417-641
PTR No. 10770764, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 140306-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-046-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

April 15, 2026

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
DECEMBER 31, 2025



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
Map Showing the Relationship Between the Company and Its Related Entities
DECEMBER 31, 2025



TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
(A Subsidiary of Alliance Global Group, Inc.)
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2025

Unappropriated Retained Earnings at Beginning of Year		P 15,305,941,508
Add: Items that are directly credited to Unappropriated Retained Earnings	P	
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Prior period adjustment on fair value and accumulated depreciation of investment properties	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		15,305,941,508
Add: Net Income for the Current Year		734,669,122
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unealized foreign exchange gain, except those attributable to cash and cash equivalent	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized gain on fair value adjustment and depreciation on investment properties during the year	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	-
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	22,238,932	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Realized fair value gains of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	22,238,932
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Adjustment on prior period on fair value and accumulated depreciation of investment properties	-	-
Adjusted Net Income		756,908,054
Balance carried forward		P 16,062,849,562

Balance brought forward		P 16,062,849,562
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	-
Add/Less: Adjustments related to relief granted by the SEC and BSP periods but realized in the current period (net of tax)		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	-	-
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax assets not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax assets and deferred tax liabilities related to same transactions, e.g., set up of right of use and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others	-	-
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 16,062,849,562**

ANNEX "J"

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Ground Floor. Secretariat Building, PICC
City Of Pasay, Metro Manila

COMPANY REG. NO. CS201313921

CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the

SOUTHWOODS MALL, INC.

(Amending Article III thereof)

copy annexed, adopted on January 07, 2021 by majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 15 of the Revised Corporation Code of the Philippines, Republic Act No. 11232, which took effect on February 23, 2019, and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing/lending company and time shares/club shares/membership certificates issuers or selling agents thereof; nor to operate a fiat money to virtual currency exchange. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Pasay City, Metro Manila, Philippines, this 8th day of July, Twenty Twenty One.

DANIEL P. GABUYO
Assistant Director
SO Order 1188 Series of 2018

MCF/qba

COVER SHEET

for Applications at

COMPANY REGISTRATION AND MONITORING DEPARTMENT

Nature of Application

AMENDMENT

SEC Registration Number

CS201313921

Former Company Name

SOUTHWOODS MALL, INC.

AMENDED TO:

New Company Name

Principal Office (No./Street/Barangay/City/Town)Province)

16TH FLOOR ALLIANCE GLOBAL TOWER 36TH ST. UPTOWN BONIFACIO TAGUIG CITY

ZIP CODE 1634

COMPANY INFORMATION

Company Email Address	Company's Telephone Number/s	Mobile Number
corpsecretary@global-estate.ph	0917 579 0444	09175790444

CONTACT PERSON INFORMATION

The designated person MUST be a Director/Trustee/Partner/Officer/Resident Agent of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
christian H. Sorita	corpsecretary@global-est.ph	53184374	09058357116

Contact Person's Address

To be accomplished by CRMD Personnel

	Date	Signature
Assigned Processor		

Document I.D.

Received by Corporate Filing and Records Division (CFRD)

Forwarded to:

- [ ] Corporate and Partnership Registration Division
- [ ] Green Lane Unit
- [ ] Financial Analysis and Audit Division
- [ ] Licensing Unit
- [ ] Compliance Monitoring Division

AMENDED ARTICLES OF INCORPORATION

OF

SOUTHWOODS MALL, INC.

(Name of Corporation)

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned incorporators, all of legal age, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines.

THAT WE HEREBY CERTIFY:

Article I: That the name of this corporation shall be:

SOUTHWOODS MALL, INC.

Article II: That the purposes for this corporation is formed are:

PRIMARY PURPOSE

To own, acquire, develop, manage, and operate, sell, mortgage, lease, rent, build, or improve malls, shopping center, or other similar structures; to engage in, be licensed to operate, or to license others to operate, any and all phases of the malls, shopping centers and related businesses; .to own maintain, operate, manage, provide, buy, sell, mortgage, lease, rent, build, or improve, either in connection with any mall or shopping. center or related thereto, restaurants, cinemas, supermarkets, museums, other places of amusement or entertainment, parking facilities, and any and all other types or kinds of establishments for the sale or exchange of goods, services, or other objects of commerce or trade; to own and license others to use trade names, trademarks, service marks, patents, relating to mall or shopping center operations or otherwise; to collect rents, licenses, fees, royalties, inspection fees, advertisement fees, charges, and other fees, in connection with mall or shopping center operations; and, without limitation to do and to perform other acts or engage in other activities which in connection with the development, management, and operation of a mall or shopping center except management of funds, portfolio, securities, and other similar assets of the managed entities.

SECONDARY PURPOSES

1. To manage all aspects of mall or shopping center development including

leasing, management, and marketing;

2. To purchase, acquire, own, lease, sell and convey to the extent allowed by law, property of every kind and description as may be necessary or incidental to the conduct of its corporate business;

3. To raise capital or borrow money from not more than nineteen (19) lenders, including its stockholders, to meet the financial requirements of its business;

4. To invest in other companies and enter into joint venture agreements with any company, partnership, persons or government entities, domestic or foreign, for the advancement of its interests and in carrying out its primary purpose;

5. To establish and operate branch offices or agencies to carry out any or all of its operations and business without any restriction as to place or amount;

6. To do and perform all acts and things necessary or incidental to the accomplishment of the foregoing purposes or the exercise of any or all the powers of a corporation for the benefit of this corporation and its stockholders,

Article III: That the corporation shall have its principal office at:

No./ Street 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan
City/Town Quezon City
Province Metro Manila
(As amended on January 7, 2021)

Article IV: That the term for which the corporation is to exist is FIFTY (50) years from and after the date of issuance of the certificate of incorporation.

Article V: That the names, nationalities and residences of the incorporators, majority of whom are residents of the Philippines, are as follows;

Name	Nationality	Address (complete address)
Marie Emelyn Gertrudes C. Martinez.	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Ma. Ethelwolda N. Benitez	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Christian H. Sorita	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City

Stephanie E. Abiera	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Melody M. Binag	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City

Article VI: That the number of Directors of said corporation shall be Five (5); and the names, nationalities and residences of the first directors of the corporation, majority of whom are residents of the Philippines, are as follows;

Name	Nationality	Address (complete address)
Marie Emelyn Gertrudes C. Martinez.	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Ma. Ethelwolda N. Benitez	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Christian H. Sorita	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Stephanie E. Abiera	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City
Melody M. Binag	Filipino	6F Renaissance Towers, Meralco Avenue, Pasig City

Article VII: That the authorized capital stock of the corporation is EIGHT HUNDRED FIFTY MILLION PESOS (P 850,000,000.00) pesos lawful money of the Philippines, divided into EIGHT HUNDRED FIFTY MILLION PESOS (P 850,000,000) shares with a par value each of ONE PESO (₱1.00) per share. *(As amended on 20 March 2014)*

Article VIII: That the following persons have subscribed to the authorized capital stock; and at least 25% of the authorized capital stock has been subscribed and at least 25% of the total subscription has been paid as follows:

Name	Nationality	No. of Shares Subscribed	Amount Subscribed	Amount Paid
Marie Emelyn Gertrudes C. Martinez.	Filipino	50,000	P 50,000.00	P 12,500.00

Ma. Ethelwolda N. Benitez	Filipino	50,000	P 50,000.00	P 12,500.00
Christian H. Sorita	Filipino	50,000	P 50,000.00	P 12,500.00
Stephanie E. Abiera	Filipino	50,000	P 50,000.00	P 12,500.00
Melody M. Binag	Filipino	50,000	P 50,000.00	P 12,500.00
*indicate TIN of Corporate subscriber	Total:	P250,000	P250,000.00	P 62,500.00

Article IX: That no transfer of stock or interest which would reduce the stock ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be indicated in the stock certificates issued by the corporation.

Article X: That Marie Emelyn Gertrudes C. Martinez has been elected by the subscribers as Treasurer of the corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws; and that, as such Treasurer, he has been authorized to receive for and in the name and for the benefit of the corporation, all subscriptions paid by the subscribers.

Article X: That the incorporators and directors undertake to change the name of the corporation as herein provided, or as amended thereafter, immediately upon receipt of notice or directive from the Securities and Exchange Commission that another corporation, partnership or person has acquired a prior right to the use of that name or that the name has been declared misleading, deceptive, confusingly similar to a registered name, or contrary to public morals, good customs or public policy.

IN WITNESS WHEREOF, we have set our hands and signature this 15th day of July, 2013 at Pasig City, Philippines.

(Sgd.) Marie Emelyn Gertrudes C. Martinez
TIN 140-950-887

(Sgd.) Ma. Ethelwolda N. Benitez
TIN 910-341-502

(Sgd.) Christian H. Sorita
TIN 242-654-699

(Sgd.) Stephanie E. Abiera
TIN 223-563-899

(Sgd.) Melody M. Binag
TIN 206-843-036

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

BEFORE ME, a Notary Public in and for PASIG CITY, Philippines, this _____ day of 15 JUL 2013 personally appeared:

Name	TIN/ID/Passport No.	Date & Place Issued
Marie Emelyn Gertrudes C. Martinez	140-950-887	
Ma. Ethelwolda N. Benitez	910-341-502	
Christian H. Sorita	242-654-699	
Stephanie E. Abiera	223-563-899	
Melody M. Binag	206-843-036	

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and they acknowledged to me that the same is their free and voluntary act and deed.

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above written.

(Sgd.) Alan B. Quintana
Notary Public

Doc No. 252;
Page No. 52;
Book No. III;
Series of 2013.

SECURITIES AND EXCHANGE COMMISSION
CRMD
JUN 30 2021
RECEIVED

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S

CERTIFICATE OF AMENDMENT
of the
ARTICLES OF INCORPORATION
of
SOUTHWOODS MALL, INC.

WE, the undersigned members of the Board of Directors of **SOUTHWOODS MALL, INC.** (the "Corporation"), and the Corporate Secretary of the Corporation,

DO HEREBY CERTIFY THAT:

1. At the Special Meeting of the Board of Directors of the Corporation held on January 7, 2021, at least majority of all the members of the Board of Directors approved the amendment of Article III of the Amended Articles of Incorporation of the Corporation, and adopted the following resolutions:

   "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation amend ARTICLE III of its Amended Articles of Incorporation to read as follows:

   'Article III: That the corporation shall have its principal office at:

No./ Street	*9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan*
City/Town	*Quezon City,*
Province	*Metro Manila'*

   "RESOLVED, FURTHER, that any one of the officers of the Corporation be, as each of them is hereby, authorized and directed to execute and deliver the necessary certificates and other documents with the Securities and Exchange Commission and other government agencies and perform all actions as may be necessary to fully implement the foregoing resolutions."

2. The foregoing resolutions amending the principal office address of the Corporation in the Amended Articles of Incorporation of the Corporation were subsequently approved by the stockholders representing more than two-thirds (2/3) of the subscribed and outstanding capital stock of the Corporation at the Special Stockholders' Meeting held on January 7, 2021.

3. All the requirements of Section 15 of the Revised Corporation Code of the Philippines have been complied with. Attached is the Amended Articles of Incorporation of the Corporation as herein amended.

IN TRUTH WHEREOF, we have hereunto affixed our signatures this FEB 2 3 2021 at Taguig City.

ANDREW L. TAN
Chairman/Director
TIN: 125-960-003

LOURDES T. GUTIERREZ- ALFONSO
Director
TIN: 106-893-930

MONICA T. SALOMON
President/Director
TIN: 182-240-560

KEVIN ANDREW L. TAN
Director
TIN: 224-803-724

LAILANI V. VILLANUEVA
Treasurer/Director
TIN: 221-996-849

MARIA CARLA T. UYKIM
Corporate Secretary
TIN: 159-353-280

SUBSCRIBED AND SWORN to before me this FEB 2 3 2021 at Taguig City. Affiants exhibited to me their valid identifications, to wit:

Name	**Valid ID**
Andrew L. Tan	TIN: 125-960-003
Lourdes T. Gutierrez-Alfonso	TIN: 106-893-930
Monica T. Salomon	TIN: 182-240-560
Kevin Andrew L. Tan	TIN: 224-803-724
Lailani V. Villanueva	TIN: 221-996-849
Maria Carla T. Uykim	TIN: 159-353-280

Doc. No. 219;
Page No. 44;
Book No. V;
Series of 2021.

CHARISMA MICHELLE L. DE JESUS
NOTARY PUBLIC
City of Taguig
Appointment. No. 22 valid until Dec. 31, 2021
16th Floor, Alliance Global Tower, 36th Street
corner 11th Avenue, Uptown Bonifacio, Taguig City
Attorney's Roll No. 66267
IBP No. 144392/01-06-2021/Quezon City
PTR No. A-5095604/1-19-2021/Taguig City
MCLE Compliance No.VI-0009393

REPUBLIC OF THE PHILIPPINES)
CITY OF TAGUIG)

SECRETARY'S CERTIFICATE

I, **MARIA CARLA T. UYKIM,** of legal age, Filipino, with office address at 10/F Two World Square, 24 Upper Mckinley Road, Mckinley Hill, Taguig City, after having been duly sworn to in accordance with law, hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **SOUTHWOODS MALL, INC.,** a corporation duly organized and existing under Philippine laws, with address at 16/F Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City.

2. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving intra-corporate dispute and/or claim by any person or group against the Board of Directors, individual directors and/or major corporate officers of the Corporation, in their official capacity, which are material to an evaluation of the ability or integrity of the Board, directors, or officers.

3. Further, no intra-corporate issue involving third party is pending, may it be criminal, civil or administrative in nature.

Taguig City, FEB 2 3 2021.

MARIA CARLA T. UYKIM
Corporate Secretary

SUBSCRIBED AND SWORN to before me this FEB 2 3 2021, affiant exhibiting to me her Taxpayer Identification Number. 159-353-280.

Doc. No. 215;
Page No. 44;
Book No. V;
Series of 2021.

CHARISMA MICHELLE L. DE JESUS
NOTARY PUBLIC
City of Taguig
Appointment. No. 22 valid until Dec. 31, 2021
10th Floor, Alliance Global Tower, 36th Street
corner 11th Avenue, Uptown Bonifacio, Taguig City
Attorney's Roll No. 66267
IBP No. 144382/01-06-2021/Quezon City
PTR No. A-5095604/1-19-2021/Taguig City
MCLE Compliance No.VI-9809393

ANNEX "K"

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messagemo@sec.gov.ph

The following document has been received:

Receiving: ARIEL FETALVO
Receipt Date and Time: September 19, 2025 04:27:19 PM

Company Information

SEC Registration No.: CS201313921
Company Name: SOUTHWOODS MALL, INC.
Industry Classification: K70100
Company Type: Stock Corporation

Document Information

Document ID: OST10919202583756566
Document Type: GENERAL_INFORMATION_SHEET
Document Code: GIS
Period Covered: September 03, 2025
Submission Type: Annual Meeting
Remarks: None

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

GENERAL INFORMATION SHEET (GIS)

FOR THE YEAR 2025

STOCK CORPORATION

GENERAL INSTRUCTIONS:

1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE **CORPORATE SECRETARY** OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE
6. **ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.**
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: SOUTHWOODS MALL, INC.	**DATE REGISTERED:** July 18, 2013
BUSINESS/TRADE NAME: SOUTHWOODS MALL, INC.	**FISCAL YEAR END:** December 31
SEC REGISTRATION NUMBER: CS201313921	
DATE OF ANNUAL MEETING PER BY-LAWS: Last Thursday of July	**CORPORATE TAX IDENTIFICATION NUMBER (TIN):** 008-579-164
ACTUAL DATE OF ANNUAL MEETING: 03-Sep-25	**WEBSITE/URL ADDRESS:** N/A
COMPLETE PRINCIPAL OFFICE ADDRESS: 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City, Metro Manila	**E-MAIL ADDRESS:** N/A
COMPLETE BUSINESS ADDRESS: 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City, Metro Manila	**FAX NUMBER:** 5328-3014

OFFICIAL E-MAIL ADDRESS	ALTERNATE E-MAIL ADDRESS	OFFICIAL MOBILE NUMBER	ALTERNATE MOBILE NUMBER
corpsec.southwoodsmall@gmail.com	cacd.compliance@gmail.com	09453178757	09453178686

NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER:	SEC ACCREDITATION NUMBER (if applicable):	TELEPHONE NUMBER(S):
Punongbayan & Araullo - JONAVELL B. SANTIAGO	Firm - No. 0002	5328-4370 to 78

PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN:	INDUSTRY CLASSIFICATION:	GEOGRAPHICAL CODE:
To own, acquire, develop, manage and operate, sell, mortgage, lease, rent, build or improve mall, shopping center or other similar structures; to engage in, be licensed to operate or to license others to operate, any and all phases of the mall, shopping centers and related businesses.	N/A	N/A

========== INTERCOMPANY AFFILIATIONS ==========

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
GLOBAL-ESTATE RESORTS, INC.	AS094-004462	9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City
SUBSIDIARY/AFFILIATE	**SEC REGISTRATION NO.**	**ADDRESS**

NOTE: USE ADDITIONAL SHEET IF NECESSARY

GENERAL INFORMATION SHEET
STOCK CORPORATION
========== **PLEASE PRINT LEGIBLY** ==========

Corporate Name: **SOUTHWOODS MALL, INC.**

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365) ○ Yes ◉ No

Please check the appropriate box:

1.
- ☐ a. Banks
- ☐ b. Offshore Banking Units
- ☐ c. Quasi-Banks
- ☐ d. Trust Entities
- ☐ e. Non-Stock Savings and Loan Associations
- ☐ f. Pawnshops
- ☐ g. Foreign Exchage Dealers
- ☐ h. Money Changers
- ☐ i. Remittance Agents
- ☐ j. Electronic Money Issuers
- ☐ k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

2.
- ☐ a. Insurance Companies
- ☐ b. Insurance Agents
- ☐ c. Insurance Brokers
- ☐ d. Professional Reinsurers
- ☐ e. Reinsurance Brokers
- ☐ f. Holding Companies
- ☐ g. Holding Company Systems
- ☐ h. Pre-need Companies
- ☐ i. Mutual Benefit Association
- ☐ j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.
- ☐ a. Securities Dealers
- ☐ b. Securities Brokers
- ☐ c. Securities Salesman
- ☐ d. Investment Houses
- ☐ e. Investment Agents and Consultants
- ☐ f. Trading Advisors
- ☐ g. Other entities managing Securities or rendering similar services
- ☐ h. Mutual Funds or Open-end Investment Companies
- ☐ i. Close-end Investment Companies
- ☐ j. Common Trust Funds or Issuers and other similar entities
- ☐ k. Transfer Companies and other similar entities
- ☐ l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
- ☐ m. Entities administering of otherwise dealing in valuable objects
- ☐ n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

4. ☐ Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. ☐ Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:
- ☐ a. acting as a formation agent of juridical persons
- ☐ b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons
- ☐ c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
- ☐ d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:
- ☐ a. managing of client money, securities or other assets
- ☐ b. management of bank, savings or securities accounts
- ☐ c. organization of contributions for the creation, operation or management of companies
- ☐ d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. ☑ None of the above

Describe nature of business:	To engage in, be licensed to operate or to license others to operate, any and all phases of the mall, shopping centers and related businesses.

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS? ○ Yes ◉ No

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: SOUTHWOODS MALL, INC.

CAPITAL STRUCTURE

AUTHORIZED CAPITAL STOCK

	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP) (No. of shares X Par/Stated Value)
	Common	1,750,000,000	1.00	1,750,000,000.00
	TOTAL	1,750,000,000	TOTAL P	1,750,000,000.00

SUBSCRIBED CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	7	Common	1,075,000,000		1.00	1,075,000,000.00	100.00%
		TOTAL	1,075,000,000	TOTAL	TOTAL P	1,075,000,000.00	100.00%

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
N/A							
Percentage of Foreign Equity :		TOTAL		TOTAL	TOTAL P		
					TOTAL SUBSCRIBED P	1,075,000,000.00	100.00%

PAID-UP CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	7	Common	1,075,000,000	1.00	1,075,000,000.00	100.00%
		TOTAL	1,075,000,000	TOTAL P	1,075,000,000.00	100.00%

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
N/A						
		TOTAL		TOTAL P		
				TOTAL PAID-UP P	1,075,000,000.00	100.00%

NOTE: USE ADDITIONAL SHEET IF NECESSARY

* Common, Preferred or other classification

** Other than Directors, Officers, Shareholders owning 10% of outstanding shares.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME: SOUTHWOODS MALL, INC.

DIRECTORS / OFFICERS

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. ANDREW L. TAN	Filipino	N	C	M	Y	N/A	N/A	
2. LOURDES T. GUTIERREZ-ALFONSO	Filipino	N	M	F	Y	N/A	N/A	
3. MONICA T. SALOMON	Filipino	N	M	F	Y	President	N/A	
4. KEVIN ANDREW L. TAN	Filipino	N	M	M	Y	N/A	N/A	
5. LAILANI V. VILLANUEVA	Filipino	N	M	F	Y	Treasurer	N/A	
6. MARIA CARLA T. UYKIM	Filipino	N	N	F	N	Corporate Secretary	N/A	
7. NOTHING FOLLOWS								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.
FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.
FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.
FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.
FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.
FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========			
CORPORATE NAME:	**SOUTHWOODS MALL, INC.**		
TOTAL NUMBER OF STOCKHOLDERS:	7	**NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:**	2
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:		**Php 3,046,718,625**	

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
1 **GLOBAL- ESTATE RESORTS, INC.** Filipino 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City	Common	541,874,995	541,874,995.00	50.41%	541,874,995.00	
	TOTAL	**541,874,995**	**541,874,995.00**			
2. **MEGAWORLD CORPORATION** Filipino 30th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634	Common	533,125,000	533,125,000.00	49.59%	533,125,000.00	
	TOTAL	**533,125,000**	**533,125,000.00**			
3. **ANDREW L. TAN**	Common	1	1.00	0.00%	1.00	
	TOTAL	**1**	**1.00**			
4. **LOURDES T. GUTIERREZ-ALFONSO**	Common	1	1.00	0.00%	1.00	
	TOTAL	**1**	**1.00**			
5. **MONICA T. SALOMON**	Common	1	1.00	0.00%	1.00	
	TOTAL	**1**	**1.00**			
6. **KEVIN ANDREW L. TAN**	Common	1	1.00	0.00%	1.00	
	TOTAL	**1**	**1.00**			
7. **LAILANI V. VILLANUEVA**	Common	1	1.00	0.00%	1.00	
	TOTAL	**1**	**1.00**			
		1,075,000,000				
TOTAL AMOUNT OF SUBSCRIBED CAPITAL			**1,075,000,000.00**	**100.00%**	**1,075,000,000.00**	
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========

CORPORATE NAME:	SOUTHWOODS MALL, INC.		
TOTAL NUMBER OF STOCKHOLDERS:	7	NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:	2
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:		Php 3,046,718,625	

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
8 NOTHING FOLLOWS						
	TOTAL					
9.						
	TOTAL					
10.						
	TOTAL					
11.						
	TOTAL					
12.						
	TOTAL					
13.						
	TOTAL					
14.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL						
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

========== PLEASE PRINT LEGIBLY ==========			
CORPORATE NAME:	SOUTHWOODS MALL, INC.		
TOTAL NUMBER OF STOCKHOLDERS:	7	NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:	2
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:		Php 3,046,718,625	

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
15						
	TOTAL					
16.						
	TOTAL					
17.						
	TOTAL					
18.						
	TOTAL					
19.						
	TOTAL					
20.						
	TOTAL					
21. OTHERS (Indicate the number of the remaining stockholders)						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL						
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: SOUTHWOODS MALL, INC.

1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION
1.1 STOCKS	N/A	N/A
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)	N/A	N/A
1.3 LOANS/ CREDITS/ ADVANCES	N/A	N/A
1.4 GOVERNMENT TREASURY BILLS	N/A	N/A
1.5 OTHERS	N/A	N/A

2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION
N/A	N/A	N/A

3. TREASURY SHARES	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED
N/A	N/A	N/A

4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR: Php 343,211,158

5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:

TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED
5.1 CASH	N/A	N/A
5.2 STOCK	N/A	N/A
5.3 PROPERTY	N/A	N/A
TOTAL	P	

6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:

DATE	NO. OF SHARES	AMOUNT
N/A	N/A	N/A

SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:

NAME OF AGENCY:	SEC	BSP	IC
TYPE OF LICENSE/REGN.	N/A	N/A	N/A
DATE ISSUED:	N/A	N/A	N/A
DATE STARTED OPERATIONS:	N/A	N/A	N/A

TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT
N/A	3	0	3

NOTE: USE ADDITIONAL SHEET IF NECESSARY

I, **MARIA CARLA T. UYKIM**, Corporate Secretary of **SOUTHWOODS MALL, INC.** declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (*Section 177, RA No. 11232*).

Done this SEP 17 2025 day of _____, 2025 in MAKATI CITY.

MARIA CARLA T. UYKIM

SUBSCRIBED AND SWORN TO before me in MAKATI CITY on SEP 17 2025 by affiant who personally appeared before me and exhibited to me her competent evidence of identity consisting of

NOTARY PUBLIC
ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M-336 VALID UNTIL DECEMBER 31, 2025
PTR No. MKT 10471129 / 01-06-25 / MAKATI CITY
IBP No. 501098 01-07-2025 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028

Doc. No.: 22
Page No.: 6
Book No.: 120
Series of 2025.

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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Company Information

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Company Name: SOUTHWOODS MALL, INC.
Industry Classification: K70100
Company Type: Stock Corporation

Document Information

Document ID: OST10502202482317254
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Annual
Remarks: None

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

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

SOUTHWOODS MALL, INC.

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

9TH FLOOR EASTWOOD GLOBAL
PLAZA, PALM TREE AVENUE,
EASTWOOD CITY, BAGUMBAYAN,
QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	5-328-4374	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7	Last Thursday of July	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
LAILANI V. VILLANUEVA	lvvillanueva@global-estate.ph	328-4374	

CONTACT PERSON'S ADDRESS

9TH FLOOR EASTWOOD GLOBAL PLAZA, PALM TREE AVENUE, EASTWOOD CITY, BAGUMBAYAN, QUEZON 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 Commisssion within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

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

GERI

Jobelle R. Burgonio <jrburgonio@global-estate.ph>

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eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 30, 2024 at 9:43 AM
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P&A
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FOR SEC FILING

Financial Statements and Independent Auditors' Report

Southwoods Mall, Inc.

December 31, 2023 and 2022

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

SOUTHWOODS MALL, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Southwoods Mall, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **December 31, 2023 & 2022** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing **Southwoods Mall, Inc.**'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 **Southwoods Mall, Inc.** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing **Southwoods Mall, Inc.**'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.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of **Southwoods Mall, Inc.** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Andrew L. Tan
Chairman of the Board

Monica T. Salomon
President

Lailani V. Villanueva
Treasurer

SOUTHWOODS MALL, INC.

SUBSCRIBED AND SWORN to before me this _____ day of 04 APR 2024 affiant and exhibiting to me their respective Identification Number, as follows:

NAME	I.D. NUMBERS
Andrew L. Tan	TIN 125-960-003
Monica T. Salomon	TIN 182-240-560
Lailani V. Villanueva	UMID CRN 0002-1985165-5

Doc. No. 300;
Page No. 31;
Book No. VII:
Series of 2024.

Mariper Aguilar
ATTY. MARIPER B. AGUILAR
Notary Public for Quezon City
Until December 31, 2025
IBP No. 390487 - Jan. 3, 2024
MCLE Compliance No. VII-0001663
Appointment No. N-93 (2024-2025)
PTR No. 5555049 Jan. 2, 2024
Quezon City Roll No. 73209
28 Baker St., Fairmond Subd., Brgy.
North Fairview, Quezon City

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors
Southwoods Mall, Inc.
(A Subsidiary of Global-Estate Resorts, Inc.)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southwoods Mall, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 21 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Supplemental Statement of Independent Auditors

The Board of Directors
Southwoods Mall, Inc.
(A Subsidiary of Global-Estate Resorts, Inc.)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

We have audited the financial statements of Southwoods Mall, Inc. (the Company) for the year ended December 31, 2023, on which we have rendered the attached report dated February 23, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two stockholders owning 100 or more shares each of the Company's capital stock as of December 31, 2023, as disclosed in Note 15 to the financial statements.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10076139, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
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BIR AN 08-002551-045-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 23, 2024

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes		2023		2022
A S S E T S					
CURRENT ASSETS					
Cash	4	**P**	**35,042,074**	P	172,403,271
Trade and other receivables	5		**320,868,851**		331,344,925
Advances to related parties	14		**6,539,281**		7,452,052
Other current assets	6		**152,181,784**		174,710,985
Total Current Assets			**514,631,990**		685,911,233
NON-CURRENT ASSETS					
Investment property - net	7		**2,546,728,187**		2,664,216,363
Right-of-use asset - net	9		**102,358,806**		105,414,293
Property and equipment - net	8		**-**		126,146
Other non-current assets	6		**18,826,788**		18,795,103
Total Non-current Assets			**2,667,913,781**		2,788,551,905
TOTAL ASSETS		**P**	**3,182,545,771**	P	3,474,463,138
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts and other payables	10	**P**	**140,834,684**	P	178,588,396
Advances from related parties	14		**306,813,471**		352,155,983
Lease liability	9		**9,885,018**		9,649,660
Retention payable	11		**81,979,422**		81,814,506
Security deposits	12		**114,336,210**		75,965,648
Income tax payable			**19,510,516**		2,621,504
Total Current Liabilities			**673,359,321**		700,795,697
NON-CURRENT LIABILITIES					
Lease liability	9		**152,744,050**		150,714,207
Security deposits	12		**37,989,923**		70,948,118
Deferred tax liabilities - net	13		**50,996,497**		54,389,265
Total Non-current Liabilities			**241,730,470**		276,051,590
Total Liabilities			**915,089,791**		976,847,287
EQUITY	15				
Capital stock			**1,075,000,000**		1,075,000,000
Additional paid-in capital			**865,902,500**		865,902,500
Retained earnings			**326,553,480**		556,713,351
Total Equity			**2,267,455,980**		2,497,615,851
TOTAL LIABILITIES AND EQUITY		**P**	**3,182,545,771**	P	3,474,463,138

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
REVENUES			
Rental income	14, 16	**P 353,278,442**	P 266,136,209
Finance income	4, 12, 14	**1,216,355**	1,904,412
Miscellaneous	2	**16,155,067**	11,477,901
		370,649,864	279,518,522
COSTS AND EXPENSES			
Depreciation and amortization	7, 8, 9	**133,910,050**	134,116,600
Association dues	14	**35,980,981**	15,848,944
Outside services	14	**25,956,111**	34,615,118
Taxes and licenses		**20,173,600**	22,439,934
Finance costs	9, 12, 14	**14,900,486**	19,079,120
Security services		**5,803,911**	4,573,857
Advertising and promotion		**4,902,550**	2,129,135
Utilities		**693,464**	578,273
Professional fees		**681,344**	322,000
Transportation and travel		**183,120**	52,981
Representation and entertainment		**3,491**	16,049
Others		**6,424,500**	4,599,775
		249,613,608	238,371,786
PROFIT BEFORE TAX		**121,036,256**	41,146,736
TAX EXPENSE	13	**31,196,127**	11,799,690
NET PROFIT		**89,840,129**	29,347,046
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**P 89,840,129**	P 29,347,046

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Capital Stock (see Note 15)	Additional Paid-in Capital	Retained Earnings (see Note 15)	Total Equity
Balance at January 1, 2023	P 1,075,000,000	P 865,902,500	P 556,713,351	P 2,497,615,851
Dividends declared	-	-	(320,000,000)	(320,000,000)
Total comprehensive income for the year	-	-	89,840,129	89,840,129
Balance at December 31, 2023	**P 1,075,000,000**	**P 865,902,500**	**P 326,553,480**	**P 2,267,455,980**
Balance at January 1, 2022	P 1,075,000,000	P 865,902,500	P 527,366,305	P 2,468,268,805
Total comprehensive income for the year	-	-	29,347,046	29,347,046
Balance at December 31, 2022	P 1,075,000,000	P 865,902,500	P 556,713,351	P 2,497,615,851

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 121,036,256**	P 41,146,736
Adjustments for:			
Depreciation and amortization	7, 8, 9	**133,910,050**	134,116,600
Interest expense	9	**12,672,263**	12,486,571
Amortization of day-one gain on security deposits	12	**2,228,223**	6,592,549
Interest income	4, 14	**(1,094,934)**	(1,058,846)
Day-one gain on security deposits	12	**(89,739)**	(815,108)
Amortization of day-one loss on security deposits	6, 14	**(31,682)**	(30,457)
Operating profit before working capital changes		**268,630,437**	192,438,045
Decrease in trade and other receivables		**10,476,076**	37,923,965
Decrease in advances to related parties		**1,276,766**	2,013,883
Decrease in other assets		**22,529,198**	23,683,553
Increase (decrease) in accounts and other payables		**(37,753,712)**	10,611,479
Increase (decrease) in retention payable		**164,916**	(23,719,980)
Increase (decrease) in security deposits		**3,273,883**	(10,874,032)
Cash generated from operations		**268,597,564**	232,076,913
Cash paid for income taxes		**(17,699,884)**	(21,936,185)
Interest received		**730,939**	1,058,846
Net Cash From Operating Activities		**251,628,619**	211,199,574
CASH FLOWS FROM AN INVESTING ACTIVITY			
Additions to investment property	7	**(13,240,241)**	(3,863,976)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	15	**(320,000,000)**	-
Repayment of advances from related parties	14	**(45,342,513)**	(170,374,611)
Repayment of lease liability	9	**(10,407,062)**	(10,153,231)
Additional advances from related parties	14	**-**	375,949
Net Cash Used in Financing Activities		**(375,749,575)**	(180,151,893)
NET INCREASE (DECREASE) IN CASH		**(137,361,197)**	27,183,705
CASH AT BEGINNING OF YEAR		**172,403,271**	145,219,566
CASH AT END OF YEAR		**P 35,042,074**	P 172,403,271

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Amounts in Philippines Pesos)

1. CORPORATE INFORMATION

1.1 Corporate Information

Southwoods Mall, Inc. (the Company) is a stock corporation registered with the Philippine Securities and Exchange Commission (SEC) on July 18, 2013 and has started its commercial operations on September 30, 2017. The Company was incorporated primarily to engage in the acquisition, development and management of malls, shopping centers and other similar structures.

The Company is a subsidiary of Global-Estate Resorts, Inc. (GERI or the parent company). GERI, a subsidiary of Megaworld Corporation (Megaworld or the intermediate parent company), is presently engaged in horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties, and vertical development of mixed-use towers. Megaworld, a subsidiary of Alliance Global Group, Inc. (AGI or the ultimate parent company), is currently engaged in property-related activities such as project design, construction, and property management. AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick-service restaurants and tourism-oriented businesses.

AGI, Megaworld and GERI are publicly listed companies in the Philippine Stock Exchange.

On September 14, 2017, the SEC approved the change in the Company's registered office address and principal place of business from 6/F Renaissance Towers, Meralco Avenue, Ugong, Pasig City to 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. On January 7, 2021, the Board of Directors (BOD) approved the change in the Company's registered office address and principal place of business from 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City to 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City. The change in address was subsequently approved by the SEC on July 8, 2021. The Company is in the process of submitting its application for the transfer of registered office address and principal place of business with the Bureau of Internal Revenue (BIR) as of the date the financial statements were authorized for issue.

GERI's registered office address and principal place of business is located at 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City.

The registered office address of Megaworld, which is also its principal places of business, is located at the 30th floor of the Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2023 (including the comparative financial statements as of and for the year ended December 31, 2022) were authorized for issue by the Company's BOD on February 23, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) *Effective in 2023 that are Relevant to the Company*

The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):		Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and in the succeeding pages are the relevant information about these pronouncements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies.* The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, 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 if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

(ii) PAS 8 (Amendments), *Definition of Accounting Estimates.* The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, 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. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction.* The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) Effective in 2023 that is not Relevant to the Company

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets include only financial assets at amortized cost.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and refundable security deposits are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

ECL for advances to related parties are measured and recognized using the general approach. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

(b) Financial Liabilities

Financial liabilities, which include accounts and other payables (except tax-related liabilities and unearned income), lease liability, advances from related parties, retention payable and security deposits, are recognized when the Company becomes a party to the contractual terms of the instrument.

Accounts and other payables and security deposits are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

2.4 Investment Property

Investment property of the Company pertains to a mall building and office towers which are stated at cost. This includes costs of construction and other direct costs. Depreciation of investment property is computed using the straight-line method over the estimated useful lives of the assets of 25 years.

2.5 Revenue and Expense Recognition

Revenue of the Company arises mainly from lease of mall and office towers, which are accounted under PFRS 16 (see Note 2.7) and from parking fees, marketing dues and forfeited deposits, which are accounted under PFRS 15*, Revenue from Contracts with Customers*. Income from parking fees, marketing dues and forfeited deposits is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to a customer. The transfer of control occurs over time [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)].

Income from parking fees, marketing dues and forfeited deposits are presented as part of Miscellaneous account under the Revenues section of the statement of comprehensive income.

Finance Income is recognized as the interest accrues taking into account the effective yield on the asset which is applied to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired which is applied to the asset's net carrying amount [see Note 2.3(a)].

2.6 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset 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 (ROUA) or the end of the lease term which is from 2 to 40 years.

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

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.7 Impairment of Non-financial Assets

The Company's investment property, property and equipment and ROUA are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term of contracts with renewal and termination options, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For lease of land, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or the Company becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that income from parking fees and marketing dues shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company recognizes revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date. The Company also determines that income from forfeited deposits shall be recognized at point in time when the contract is cancelled.

(c) Determination of ECL on Trade and Other Receivables, Advances to Related Parties and Refundable Security Deposits

The Company uses a provision matrix to calculate ECL for trade and other receivables, advances to related parties and refundable security deposits. The provision rates are based on days past due.

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's financial assets are disclosed in Note 17.1.

(d) Distinction Between Investment Property and Owner-managed Properties

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Company or for administrative purposes.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes, the Company accounts for the portions separately if these portions can be sold separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(e) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company has entered into lease agreements during the year. Critical judgment was exercised by management to distinguish the lease agreements as either operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2023 and 2022, management determined that its lease agreements are operating leases.

(f) Determination on whether Lease Concessions Granted constitute a Lease Modification

The Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Company determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease.

The Company assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Company for the years ended December 31, 2023 and 2022 amounted to P113,446,332 and P87,067,161, respectively.

(g) Recognition of Provisions and Contingencies

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 the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In the process of applying the Company's accounting policies, judgment is exercised by management to distinguish between provisions and contingencies. Disclosure on relevant provision and disclosure of contingencies are presented in Note 16.

3.2 Key Sources of Estimation Uncertainty

Presented in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 17.1.

(c) Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 7 to the financial statements was estimated by the Company using the information on current or most recent prices of similar properties in the same location and condition.

The Company uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis ofcurrent market rentals for similar properties in the same location and condition.

(d) Estimation of Useful Lives of Investment Property, Property and Equipment and ROUA

The Company estimates the useful lives of investment property, property and equipment and ROUA based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property, property and equipment and ROUA are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of investment property, property and equipment and ROUA are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of investment property, property and equipment and ROUA are analyzed in Notes 7, 8 and 9, respectively. Based on management's assessment as at December 31, 2023 and 2022, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.7). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's evaluation, no impairment losses are required to be recognized on the Company's non-financial assets.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at December 31, 2023 and 2022 will be fully utilized in the subsequent reporting periods. The carrying value of deferred tax assets as of those dates is disclosed in Note 13.

4. CASH

Cash includes the following components as at December 31:

		2023		2022
Cash on hand	**P**	**30,200**	P	40,200
Cash in banks		**35,011,874**		172,363,071
	P	**35,042,074**	P	172,403,271

Cash on hand represents revolving fund and petty cash used for small and immediate operational requirements of the Company. Cash in bank generally earns interest based on daily bank deposit rates. Interest income earned amounted to P730,939 and P1,058,846 in 2023 and 2022, respectively, is presented as part of Finance Income account in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

The account is composed of the following:

	Notes	2023	2022
Rent receivable	14.6, 16.1	**P 320,228,074**	P 330,607,861
Advances to officers and employees		**640,777**	416,057
Others		-	321,007
		P 320,868,851	P 331,344,925

All of the Company's trade and other receivables have been assessed for impairment using the ECL model. Based on management's evaluation, allowance for credit losses on trade and other receivables is not material as of December 31, 2023 and 2022 (see Note 17.1).

6. OTHER ASSETS

The details of the Company's other assets are shown below.

	Note	2023	2022
Current:			
Input value-added tax (VAT)		**P 150,812,770**	P 174,545,485
Others		**1,369,014**	165,500
		152,181,784	174,710,985
Non-current –			
Refundable security deposits	14.5	**18,826,788**	18,795,103
		P 171,008,572	P 193,506,088

Refundable security deposits pertain to the initial deposits made by the Company to its electricity provider and to Southwoods Ecocentrum Corporation. In 2023 and 2022, the refundable deposit earned interest amounting to P31,682 and P30,457, respectively.

7. INVESTMENT PROPERTY

The Company's investment property pertains to a mall building and office towers located in Southwoods City, Laguna.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2023 and 2022 are shown below and in the succeeding page.

	Mall Building	Office Towers	Total
December 31, 2023			
Cost	P 1,562,231,376	P 1,713,324,949	P 3,275,556,325
Accumulated depreciation	(390,557,844)	(338,270,294)	(728,828,138)
Net carrying amount	**P 1,171,673,532**	**P 1,375,054,655**	**P 2,546,728,187**

	Mall Building	Office Towers	Total
December 31, 2022			
Cost	P 1,562,231,376	P 1,700,084,708	P 3,262,316,084
Accumulated depreciation	(328,068,589)	(270,031,132)	(598,099,721)
Net carrying amount	P 1,234,162,787	P 1,430,053,576	P 2,664,216,363
January 1, 2022			
Cost	P 1,562,231,376	P 1,702,556,092	P 3,264,787,468
Accumulated depreciation	(265,579,334)	(202,004,763)	(467,584,097)
Net carrying amount	P 1,296,652,042	P 1,500,551,329	P 2,797,203,371

A reconciliation of the carrying amounts of investment property at the beginning and end of 2023 and 2022 is shown below.

	Mall Building	**Office Towers**	**Total**
Balance at January 1, 2023, net of accumulated depreciation	P 1,234,162,787	P 1,430,053,576	P 2,664,216,363
Additions	-	13,240,241	13,240,241
Depreciation charges for the year	(62,489,255)	(68,239,162)	(130,728,417)
Balance at December 31, 2023, net of accumulated depreciation	**P 1,171,673,532**	**P 1,375,054,655**	**P 2,546,728,187**
Balance at January 1, 2022 net of accumulated depreciation	P 1,296,652,042	P 1,500,551,329	P 2,797,203,371
Additions	-	3,863,976	3,863,976
Reclassification	-	(6,335,360)	(6,335,360)
Depreciation charges for the year	(62,489,255)	(68,026,369)	(130,515,624)
Balance at December 31, 2022, net of accumulated depreciation	P 1,234,162,787	P 1,430,053,576	P 2,664,216,363

Rental income from investment property amounted to P353,278,442 and P266,136,209 in 2023 and 2022, respectively, and is presented as Rental Income account under the Revenues section of the statements of comprehensive income. The operating lease commitments of the Company as a lessor is disclosed in Note 16.1.

Depreciation on investment property is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

Based on management's estimate, the fair market value (FMV) of the investment property as of December 31 is as follows:

	2023	2022
Office towers	**P5,137,439,791**	P4,651,189,997
Mall building	**3,382,576,259**	3,210,138,055
	P8,520,016,050	P7,861,328,052

FMV was determined by calculating the present value of the cash inflows anticipated until the end of the useful lives of the investment property using a discount rate that reflects the risks and uncertainty in cash flows. Other information about the fair value measurement and disclosures related to the investment property are presented in Note 19.3.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of the property and equipment as at December 31, 2023 and 2022 are shown below.

	Transportation Equipment	Office Equipment	Office Furniture and Fixtures	Total
December 31, 2023				
Cost	P 2,342,857	P 940,346	P 416,005	P 3,699,208
Accumulated depreciation	(2,342,857)	(940,346)	(416,005)	(3,699,208)
Net carrying amount	**P -**	**P -**	**P -**	**P -**
December 31, 2022				
Cost	P 2,342,857	P 940,346	P 416,005	P 3,699,208
Accumulated depreciation	(2,225,714)	(931,343)	(416,005)	(3,573,062)
Net carrying amount	P 117,143	P 9,003	P -	P 126,146
January 31, 2022				
Cost	P 2,342,857	P 940,346	P 416,005	P 3,699,208
Accumulated depreciation	(1,757,143)	(878,512)	(391,918)	(3,027,573)
Net carrying amount	P 585,714	P 61,834	P 24,087	P 671,635

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023 and 2022 is shown below.

	Transportation Equipment	Office Equipment	Office Furniture and Fixtures	Total
Balance at January 1, 2023, net of accumulated depreciation	P 117,143	P 9,003	P -	P 126,146
Depreciation charges for the year	(117,143)	(9,003)	-	(126,146)
Balance at December 31, 2023, net of accumulated depreciation	**P -**	**P -**	**P -**	**P -**
Balance at January 1, 2022, net of accumulated depreciation	P 585,714	P 61,834	P 24,087	P 671,635
Depreciation charges for the year	(468,571)	(52,831)	(24,087)	(545,489)
Balance at December 31, 2022, net of accumulated depreciation	P 117,143	P 9,003	P -	P 126,146

Depreciation on property and equipment is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

The Company's fully depreciated assets that are still being used in operations amounted to P3,699,208 and P1,302,333 as of December 31, 2023 and 2022, respectively.

9. LEASES

The Company leases a parcel of land from Southwoods Ecocentrum Corporation (SWEC) upon which the Company's investment property is situated (see Note 14.5). The lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the ROUA can only be used by the Company. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. This lease contains an option to renew the lease which requires mutual agreement of both parties. Further, the Company must ensure the leased asset and incur maintenance fees on such item in accordance with the lease contract. However, the Company did not recognize provision for the expected costs to be incurred in restoring the leased assets in their original condition since based on management's assessment, such costs are negligible to the Company.

9.1 ROUA

The gross carrying amount and accumulated amortization of the Company's ROUA at the end of 2023 and 2022 are shown below.

	2023	2022
Cost		
Balance at beginning and end of year	**P 117,636,241**	P 117,636,241
Accumulated amortization		
Balance at beginning of year	**12,221,948**	9,166,461
Amortization charges for the year	**3,055,487**	3,055,487
Balance at end of year	**15,277,435**	12,221,948
Carrying amount at December 31	**P 102,358,806**	P 105,414,293

Amortization on ROUA is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

9.2 Lease Liability

Lease liability as at December 31, 2023 and 2022 is presented in the statements of financial position as follows:

	2023	2022
Current	**P 9,885,018**	P 9,649,660
Non-current	**152,744,050**	150,714,207
	P 162,629,068	P 160,363,867

The movements of the lease liabilities recognized in the statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**P 160,363,867**	P 158,030,527
Repayments of lease liabilities	**(10,407,062)**	(10,153,231)
Interest accretion	**12,672,263**	12,486,571
	P 162,629,068	P 160,363,867

The use of extension and termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Companys regional markets strategy and the economic benefits of exercising the option exceed the expected overall cost.

The undiscounted maturity analysis of lease liability at December 31, 2023 and 2022 is as follows:

	Within 1-year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2023							
Lease payments	P 10,660,893	P 10,927,415	P 11,193,937	P 11,473,786	P 11,753,634	P 486,552,878	P 542,562,543
Finance charges	(775,875)	(795,272)	(814,668)	(835,036)	(855,402)	(375,857,222)	(379,933,475)
Net present values	**P 9,885,018**	**P 10,132,143**	**P 10,379,269**	**P 10,638,750**	**P 10,898,232**	**P 110,695,656**	**P 162,629,068**
December 31, 2022							
Lease payments	P 10,407,062	P 10,660,893	P 10,927,415	P 11,193,937	P 11,473,786	P 498,306,512	P 552,969,605
Finance charges	(757,402)	(775,875)	(795,272)	(814,668)	(835,036)	(388,627,485)	(392,605,738)
Net present values	P 9,649,660	P 9,885,018	P 10,132,143	P 10,379,269	P 10,638,750	P 109,679,027	P 160,363,867

9.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow with respect to the lease amounted to P10,407,062 and P10,153,231 in 2023 and 2022, respectively. Interest expense in relation to lease liability amounted to P12,672,263 and P12,486,571 in 2023 and 2022, respectively and is presented as part of Finance Costs account in the statements of comprehensive income.

10. ACCOUNTS AND OTHER PAYABLES

This account consists of:

	Note	2023	2022
Accounts payable		**P 72,430,047**	P 84,641,618
Accrued expenses	14.2, 14.3	**38,112,104**	63,556,455
Unearned income		**21,661,676**	22,678,962
Construction bonds		**7,110,150**	7,115,626
Withholding taxes		**1,201,140**	214,549
Others		**319,567**	381,186
		P 140,834,684	P 178,588,396

Accounts payable pertains to unpaid billings owed by the Company to its contractors.

Accrued expenses pertain to unpaid marketing fees, commission, management fee, professional fees and other related expenses.

Construction bonds pertain to amounts deposited by the lessees prior to construction or renovation work on the leased premises. The balance shall be credited to rental for the leased premises after completion of construction or renovation works.

Unearned income pertains to cash received from the new lessees and will be applied against rental income at the beginning of the lease term.

11. RETENTION PAYABLE

Retention payable amounting to P81,979,422 and P81,814,506 as of December 31, 2023 and 2022, respectively, is presented under the Current Liabilities section of the statements of financial position.

Retention payable pertains to amounts withheld by the Company from billings received from contractors. These amounts serve as surety against contractors to properly complete all activities and development as stipulated and required of them under the contracts. Retention payable is computed at 10% of each billing received from contractors.

12. SECURITY DEPOSITS

Security deposits are presented in the statements of financial position as at December 31 as follows:

	Note	**2023**	2022
Current	14.6	**P 114,336,210**	P 75,965,648
Non-current		**37,989,923**	70,948,118
		P 152,326,133	P 146,913,766

Security deposits collected from lessees are recorded by the Company at amortized cost using the effective interest method. These deposits on lease agreements will be refunded at the end of the lease terms. The resulting day-one gain amounting to P89,739 in 2023 and P815,108 in 2022 are presented as part of Finance Income account in the statements of comprehensive income. Interest expense, arising from the unwinding of discount on these deposits, amounting to P2,228,223 and P6,592,549 in 2023 and 2022, respectively, is presented as part of Finance Costs account in the statements of comprehensive income.

13. TAXES

13.1 Registration with the Philippine Economic Zone Authority

The Company was registered with the Philippine Economic Zone Authority (PEZA) on February 2, 2018 to establish, develop, administer, manage and operate an Information Technology (IT) Center to be known as Southwoods Mall. As a registered developer and operator of Southwoods Mall, the Company is entitled to pay a special 5% gross income tax (GIT) on gross income earned from PEZA-registered locator IT Enterprises, in lieu of all national or local taxes. As of December 31, 2023, and 2022, the Company has not entered into any PEZA-registered activities.

13.2 Current and Deferred Tax

The components of tax expense as reported in the statements of comprehensive income are as presented below.

	2023	2022
Current tax expense:		
RCIT at 25%	**P 34,442,707**	P 24,345,921
Final tax at 20%	**146,188**	211,768
	34,588,895	24,557,689
Deferred tax income:		
Origination and reversal of temporary differences	**(3,392,768)**	(12,757,999)
	P 31,196,127	P 11,799,690

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

	2023	2022
Tax on pretax profit at 25%	**P 30,259,064**	P 10,286,684
Adjustment for income subjected to lower income tax rates	**(36,547)**	(52,942)
Tax effects of:		
Non-deductible expenses	**1,003,966**	1,777,340
Non-taxable income	**(30,356)**	(211,392)
	P 31,196,127	P 11,799,690

The details of the net deferred tax liabilities of the Company as of December 31, 2023 and 2022 are presented below.

	Statements of Financial Position		Statements of Comprehensive Income	
	2023	2022	**2023**	2022
Deferred tax assets:				
Lease liability	**P 40,657,268**	P 40,090,967	**P 566,301**	P 583,336
Unearned income	**5,415,417**	5,669,739	**(254,322)**	2.877,902
	46,072,685	45,760,706	**311,979**	3,461,238
Deferred tax liabilities:				
Rent receivable	**(71,479,481)**	(73,796,398)	**2,316,917**	8,532,889
ROUA	**(25,589,701)**	(26,353,573)	**763,872**	763,872
	(97,069,182)	(100,149,971)	**3,080,789**	9,296,761
Deferred tax liabilities – net	**(P 50,996,497)**	(P 54,389,265)		
Deferred tax income			**P 3,392,768**	P 12,757,999

In 2023 and 2022, the Company is subject to MCIT which is computed at 1.5% and 1%, respectively, of gross income net of allowable deductions, respectively, as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2023 and 2022 as the RCIT was higher than MCIT in both years.

In 2023 and 2022, the Company opted to claim itemized deductions in computing for its income tax due.

14. RELATED PARTY TRANSACTIONS

The Company's related parties include Megaworld, GERI and entities under common ownership or control.

A summary of the Company's transactions and its outstanding balance with its related parties for the years ended December 31, 2023 and 2022 is presented below and in the succeeding page.

		2023		2022	
Related Party Category	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Intermediate parent company:					
Commission, management and marketing services	14.2	**(P 6,766,150)**	**(P 19,865,818)**	(P 9,756,211)	(P 17,557,862)
Cash advances paid (received)	14.1	**40,000,000**	**(306,813,471)**	75,000,000	(346,813,471)
Parent company:					
Manpower services	14.2	**(18,382,477)**	**-**	(18,382,477)	-
Cash advances paid (received)	14.1	**4,966,563**	**-**	95,374,611	(4,966,563)
Cash advances granted	14.4	**338,559**	**338,559**	-	-
Other related parties under common ownership or control:					
Rental income	14.6	**2,676,700**	**429,242**	1,015,725	418,064
Security deposits	14.6	**(120,536)**	**(887,141)**	(31,574)	(766,605)
Association dues	14.3	**(10,360,857)**	**(16,144,099)**	(6,444,879)	(42,177,804)
ROUA	14.5	**-**	**102,358,806**	-	105,414,293
Lease liability	14.5	**(10,407,062)**	**(162,629,068)**	(10,153,231)	(160,363,867)
Refundable security deposits	14.5	**31,682**	**819,424**	30,457	787,742
Cash advances granted (collected)	14.4	**(1,251,330)**	**6,200,722**	(2,013,883)	7,452,052
Cash advances paid (received)	14.1	**375,949**	**-**	(375,949)	(375,949)

14.1 Advances from Related Parties

The Company obtained unsecured, noninterest-bearing advances from Megaworld, GERI and other related parties under common ownership or control for working capital purposes. These advances are generally payable in cash upon demand.

The outstanding balance of such advances is presented under the Advances from Related Parties account in the statements of financial position.

A rollforward analysis of advances from related parties is shown below.

	Intermediate parent	Parent	Others	Total
December 31, 2023				
Balance at the beginning of year	P 346,813,471	P 4,966,563	P 375,949	P 352,155,983
Payments	(40,000,000)	(4,966,563)	(375,949)	(45,342,512)
Balance at the end of year	**P 306,813,471**	**P -**	**P -**	**P 306,813,471**
December 31, 2022				
Balance at the beginning of year	P 421,813,471	P 100,341,174	P -	P 522,154,645
Availments (Payments)	(75,000,000)	(95,374,611)	375,949	(169,998,662)
Balance at the end of year	P 346,813,471	P 4,966,563	P 375,949	P 352,155,983

14.2 Commission, Management, Marketing and Manpower Services

In 2016, the Company entered into a retail marketing agreement with Megaworld, wherein the intermediate parent company will provide services as the exclusive marketing manager for the Company which include events management, sponsorship and business tie-ups, advertising, public relations, and communication for events to retail partners and other related services.

In consideration to services provided, the Company agrees to pay monthly marketing management fee of P150,000, with commission at the rate of 15% from all income generating advertising placements, partnerships, sponsorships, booked events and other activities less all expenses incurred, and cost of services of marketing officer and marketing manager who will handle the performance of services. The agreement shall continue to be effective until terminated by either party.

In 2017, the Company entered into a leasing agent agreement with Megaworld, wherein the intermediate parent company will serve as the exclusive leasing agent of Southwood's Mall. In consideration of the services provided, the Company agrees to pay a commission of one month's rent for every new tenant signed to a two-year lease term plus 50% of one month's rent for every additional year in excess of two years. The agreement shall be effective for a period of five years from the date of execution.

In 2021, the Company entered into a manpower service agreement with GERI, wherein the parent company will provide administrative support services to the Company, such as but not limited to: financial reporting; compliance to government rules and regulations; billing and collection; issuance of official receipts, and other related bank transactions; maintaining, monitoring and updates of clients' records; documentation and preparation of client's contract; communication and coordination with the clients; and any other services that may be required by the Company as part of its administration support. The agreement shall be effective for a period of five years from the date of execution.

The amount of service fees incurred in 2023 and 2022 are presented as part of Outside Services account under the Costs and Expenses section of the statements of comprehensive income. The unpaid service fees as of December 31, 2023 and 2022 is presented as part of Accrued expenses under the Accounts and Other Payables account in the statements of financial position (see Note 10).

14.3 Association Dues

The Company incurred association dues from its related parties under common ownership as follows:

		2023		2022
Southwoods Lifestyle Mall Management, Inc.	**P**	**6,419,111**	P	3,123,183
Southwoods City Estate Association, Inc.		**3,941,746**		3,321,696
	P	**10,360,857**	P	6,444,879

These are presented as part of Association Dues account under the Costs and Expenses section of the statements of comprehensive income. The outstanding balance arising from these transactions are presented as part of Accrued expenses under the Accounts and Other Payables account in the statements of financial position (see Note 10).

14.4 Advances to Related Parties

The Company granted unsecured and noninterest-bearing cash advances to its related parties for the latter's working capital purposes. These advances have no definite repayment terms and are generally payable in cash on demand, or through offsetting arrangements with the related parties. The outstanding balance of these advances is presented as Advances to Related Parties account in the statements of financial position.

In 2023, the Company granted a loan to Southwoods City Estate Association, Inc., payable in 10 years and the outstanding balance amounted to P3,065,225 as of December 31, 2023. Interest income earned amounted to P363,995 is presented as part of Finance Income account in the 2023 statement of comprehensive income.

Additionally, the Company granted a cash advance to GERI amounting to P338,559. The outstanding balance of these advances is presented as part of Advances to Related Parties account in the 2023 statement of financial position. There was no similar transactions in 2022.

None of the outstanding receivables were found to be impaired; hence, no impairment losses were recognized in both years [see note 17.1(b)].

14.5 Lease Agreement with SWEC

In June 2015, the Company entered into a lease agreement with SWEC, a related party under common ownership, wherein the Company leases a parcel of land upon which the Company's investment property is situated (see Note 9). The lease term is for a period of 40 years and shall commence on the day following the end of the construction period but not beyond June 30, 2017.

The Company recognized ROUA and lease liability for this lease agreement with SWEC (see Note 9). In relation to this, the Company incurred amortization expense amounting to P3,055,487 in both 2023 and 2022.

The Company also incurred interest expense amounting to P12,672,263 and P12,486,571 in 2023 and 2022, respectively. The amortization expense and interest expense are presented as part of Depreciation and Amortization account and Finance Costs account, respectively, in the statements of comprehensive income.

The Company also paid refundable security deposits which shall be refunded after the Company has completely and satisfactorily vacated the leased property. These refundable security deposits paid to lessor is recorded by the Company at amortized cost using the effective interest method. The carrying amount of the refundable security deposits amounting to P819,424 and P787,742 as of December 31, 2023, and 2022, respectively, is presented as part of Refundable security deposits under Other Non-current Assets account in the statements of financial position (see Note 6). Interest income, arising from the unwinding of discount on these deposits, amounting to P31,682 and to P30,457 in 2023 and 2022, respectively, is presented as part of Finance Income account in the statements of comprehensive income.

14.6 Lease Agreement with Other Related Parties

The Company entered into lease agreements with Golden Arches Development Corporation (GADC) and Megaworld Global-Estate, Inc. (MGEI), respectively, wherein they shall lease mall spaces with the Company. The lease terms are 5 years and 3 years, respectively, with annual escalation rate of 10%, and are renewed as may be mutually agreed upon by both parties.

GADC and MGEI paid P551,839 and P292,560, respectively, representing one month of advance rentals which were applied in the first month of the lease term and refundable security deposits which shall be refunded after GADC and MGEI completely and satisfactorily vacated the leased property. Refundable security deposits received are presented as part of Security Deposits account in the statements of financial position (see Note 12). The carrying amounts of the refundable security deposit as of December 31, 2023 and 2022 are P887,141 and P766,605, respectively. The interest expense arising from the unwinding of the discount on this deposit is P31,547 for the year and is presented as part of Finance Costs account in the 2022 statement of comprehensive income. There was no interest expense in 2023 as the day-one gain was fully amortized as of December 31, 2022.

Income recognized in 2023 and 2022 from these transactions amounting to P2,676,700 and P1,015,725, respectively, is presented as part of Rental Income account under the Revenues section of the statements of comprehensive income. Outstanding balance of rent receivable arising from these transactions is presented as part of Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5).

14.7 Key Management Personnel Compensation

There are no expenses recognized for key management compensation as the Company's accounting and administrative activities are being handled by the parent company at no cost to the Company.

15. EQUITY

15.1 Capital Stock

The Company is authorized to issue 1,750,000,000 shares of common stock at P1 par value. As at December 31, 2023 and 2022, the Company has a total of 1,075,000,000 subscribed shares and paid-up capital of P1,940,902,500.

As of December 31, 2022 and 2021, the Company has two stockholders owning 100 or more shares each of the Company's capital stock.

15.2 Retained Earnings

The BOD approved the declaration of cash dividend in 2023 as follows:

Date of Declaration	Date of Record	Date of Payment	Amount
February 23, 2023	March 6, 2023	March 9, 2023	P 140,000,000
June 29, 2023	July 10, 2023	July 28, 2023	100,000,000
December 1, 2023	December 19, 2023	December 20, 2023	80,000,000

The dividends were paid within the year of declaration and approval.

16. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

16.1 Operating Lease Commitments – Company as Lessor

The Company leases mall spaces for a period of three to five years. Some of the lease transactions are subject to 5% to 10% escalation rate. The future minimum rentals receivable under these non-cancellable operating leases as of December 31 are presented in the succeeding page.

	2023	2022
Within one year	**P 256,219,010**	P 291,755,584
After one year but not more than two years	**188,493,030**	195,632,856
After two years but not more than three years	**154,413,270**	167,022,151
After three years but not more than four years	**72,952,162**	137,875,494
After four years but not more than five years	**18,178,541**	58,170,825
More than five years	**25,270,037**	8,103,379
	P 715,526,050	P 858,560,289

Rental income from these lease transactions amounted to P353,278,442 and P266,136,209 in 2023 and 2022, respectively, which is presented as Rental Income account under the Revenues section of the statements of comprehensive income. The outstanding balance of rent receivable arising from recognition of rental income in accordance with PFRS 16 amounted to P320,228,074 and P330,607,861 as of December 31, 2023 and 2022, respectively, and is presented as Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5).

16.2 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

17.1 Credit Risk

Credit risk is the risk when a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example, by granting loans and receivables to customers and placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the statements of financial position as summarized below.

	Notes	**2023**	2022
Cash	4	**P 35,042,074**	P 172,403,271
Trade and other receivables	5	**320,228,074**	330,928,868
Advances to related parties	14.4	**6,539,281**	7,452,052
Refundable security deposits	6	**18,826,788**	18,795,103
		P 380,636,217	P 529,579,294

The above represents the carrying values of financial assets categorized as amortized cost in the statements of financial position as at December 31, 2023 and 2022.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

As part of Company policy, bank deposits are only maintained with reputable financial institutions. Cash in bank which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 per depositor per banking institution, as provided for under R.A. No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, are still subject to credit risk.

(b) Advances to Related Parties

ECL for advances to related parties are measured and recognized using the general approach. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company does not consider any significant risks since GERI and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2023 and 2022, impairment allowance is not material.

(c) Trade and Other Receivables and Refundable Security Deposits

Credit risk arising from rental income is primarily managed through the tenant selection process. Prospective tenants are evaluated on the basis of credit information and payment track record. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which relieve the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring system. Rent receivables are aged and analyzed on a regular basis to minimize credit risk associated with these receivables.

The Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables and refundable security deposits. The Company applies a provision matrix for calculating expected losses for trade receivables. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The ECL is calculated by: (a) identifying scenarios in which a receivable default; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events. Because every receivable has at least some probability of defaulting in the future, every receivable has an ECL associated with it – from the moment of its origination or acquisition.

Management has determined that ECL on trade and other receivables and refundable security deposits is considered negligible as the exposure at default is not material; hence, no impairment loss is required to be recognized in both years.

17.2 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in its day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by the ability to sell long-term financial assets.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	After 5 Years
December 31, 2023				
Accounts and other payables	P 110,542,151	P -	P -	P -
Lease liability	5,330,446	5,330,446	57,396,248	474,505,402
Advances from related parties	306,813,471	-	-	-
Retention payable	81,979,422	-	-	-
Security deposits	117,289,303	509,104	34,527,726	-
	P 621,954,793	**P 5,839,550**	**P 91,923,974**	**P474,505,402**
December 31, 2022				
Accounts and other payables	P 148,198,073	P -	P -	P -
Lease liability	5,076,616	5,330,446	56,009,665	486,552,877
Advances from related parties	352,155,983	-	-	-
Retention payable	81,814,506	-	-	-
Security deposits	74,189,428	3,359,988	70,208,585	-
	P 661,434,606	P 8,690,434	P 126,218,250	P486,552,877

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

18. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

18.1 Carrying Values and Fair Values

The carrying values and fair values of the financial assets and financial liabilities at amortized cost presented in the statements of financial position are shown below.

		2023		2022	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Cash	4	**P 35,042,074**	**P 35,042,074**	P 172,403,271	P 172,403,271
Trade and other receivables	5	**320,228,074**	**320,228,074**	330,928,868	330,928,868
Advances to related parties	14.4	**6,539,281**	**6,539,281**	7,452,052	7,452,052
Refundable security deposits	6	**18,826,788**	**18,826,788**	18,795,103	18,795,103
		P 380,636,217	**P 380,636,217**	P 529,579,294	P 529,579,294
Financial Liabilities					
Accounts and other payables	10	**P 110,542,151**	**P 110,542,151**	P 148,198,073	P 148,198,073
Lease liability	9.2	**162,629,068**	**162,629,068**	160,363,867	160,363,867
Advances from related parties	14.1	**306,813,471**	**306,813,471**	352,155,983	352,155,983
Retention payable	11	**81,979,422**	**81,979,422**	81,814,506	81,814,506
Security deposits	12	**152,326,133**	**152,326,133**	146,913,766	146,913,766
		P 814,290,245	**P 814,290,245**	P 889,446,195	P 889,446,195

See Note 2.3 for a description of the accounting policies for each financial asset and financial liability. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 17.

18.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders or upon instruction of the parent company.

19. FAIR VALUE MEASUREMENTS AND DISCLOSURES

19.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: 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); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

19.2 Financial Instruments Measured at Amortized Cost for which Fair Values are Disclosed

The table below and in the succeeding page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair values are disclosed.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets:				
Cash	P 35,042,074	P -	P -	P 35,042,074
Trade and other receivables	-	-	320,228,074	320,228,074
Advances to related parties	-	-	6,539,281	6,539,281
Refundable security deposits	-	-	18,826,788	18,826,788
	P 35,042,074	**P -**	**P 345,594,143**	**P 380,636,217**
Financial liabilities:				
Accounts and other payables	P -	P -	P 110,542,151	P 110,542,151
Lease liability	-	-	162,629,068	162,629,068
Advances from related parties	-	-	306,813,471	306,813,471
Retention payable	-	-	81,979,422	81,979,422
Security deposits	-	-	152,326,133	152,326,133
	P -	**P -**	**P 814,290,245**	**P 814,290,245**
December 31, 2022				
Financial assets:				
Cash	P 172,403,271	P -	P -	P 172,403,271
Trade and other receivables	-	-	330,928,868	330,928,868
Advances to related parties	-	-	7,452,052	7,452,052
Refundable security deposits	-	-	18,795,103	18,795,103
	P 172,403,271	P -	P 357,176,023	P 529,579,294
Financial liabilities:				
Accounts and other payables	P -	P -	P 148,198,073	P 148,198,073
Lease liability	-	-	160,363,867	160,363,867
Advances from related parties	-	-	352,155,983	352,155,983
Retention payable	-	-	81,814,506	81,814,506
Security deposits	-	-	146,913,766	146,913,766
	P -	P -	P 889,446,195	P 889,446,195

For cash with fair value included in Level 1, fair value is based on unadjusted quoted prices in active markets for identical instruments.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market are calculated based on the expected cash flows of the underlying net asset base of the instrument.

19.3 Fair Value of Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Company's investment property was determined by calculating the present value of the cash inflows anticipated until the end of useful life of the investment property using a discount rate that reflects the risks and uncertainty in cash flows. In estimating the fair value of the mall building, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

As at December 31, 2023, the fair value of the Company's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the mall building was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital.

The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2023 and 2022.

20. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern entity and to provide an adequate return to stockholders.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. The Company's stockholders are committed to grant noninterest-bearing advances to support the Company's operation whenever the need arises.

The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. It monitors capital using the debt-to-equity ratio computed as follows:

	2023	2022
Total liabilities	**P 673,359,321**	P 976,847,287
Total equity	**2,267,455,980**	2,497,615,851
Debt-to-equity ratio	**0.30: 1.00**	0.39: 1.00

21. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages are the supplementary information on taxes, duties and license fees paid or accrued during the taxable year, which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

21.1 Output VAT

In 2023, the Company recognized output VAT amounting to P37,716,069 from rental income, bidding fees and sale of scrap materials earned during the year amounting to P314,300,573.

The Company has certain activities registered with PEZA which are subject to zero-rated VAT. These were determined pursuant to Section 108B, *Zero-rated VAT on Sale of Services and Use or Lease of Properties*, of the 1997 National Internal Revenue Code.

The tax bases are based on the Company's gross receipts for the year; hence, may not be the same as the amounts of revenues reported in the 2023 statement of comprehensive income.

21.2 Input VAT

The movements in input VAT during the year ended December 31, 2023 are summarized below.

Balance at beginning of year	P 174,545,485
Services lodged under other accounts or manufacture	13,983,354
Applied against output VAT	(37,716,069)
Balance at end of year	**P 150,812,770**

21.3 Taxes on Importation

The Company has not paid nor accrued any customs duties and tariff fees since it did not have any importations in 2023.

21.4 Excise Tax

The Company has not paid nor accrued excise tax since it did not have any transactions in 2023 which is subject to excise tax.

21.5 Documentary Stamp Tax (DST)

The Company did not have any transaction in 2023 which is subject to DST as the lease contracts executed during the year are on the account of the counterparties.

21.6 Taxes and Licenses

The Company incurred the following taxes and licenses in 2023:

Real estate tax	P 15,482,350
Business tax	2,677,420
Community tax certificate	10,500
Registration fee	1,000
	P 18,171,270

21.7 Withholding Taxes

The Company withheld a total of P5,758,925 on its purchase of services from contractors and consultants in 2023, of which P1,201,140 remains unpaid as of December 31, 2023.

The Company did not have any income payments subject to withholding tax on compensation for the year ended December 31, 2023.

21.8 Deficiency Tax Assessments and Tax Cases

In 2023, the Company paid for the tax assessment covering taxable year 2020, 2021 and 2022 amounting to P2,002,329. The related expense is presented as part of Others under Cost and Expenses section in the 2023 statement of comprehensive income.

As of December 31, 2023, the Company did not have any other final deficiency tax assessments from the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR.

ANNEX "L-2"

Type text here

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/messagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: April 08, 2025 08:30:03 AM

Company Information

SEC Registration No.: CS201313921
Company Name: SOUTHWOODS MALL, INC.
Industry Classification: K70100
Company Type: Stock Corporation

Document Information

Document ID: OST10408202583151696
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

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

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	1	3	9	2	1

COMPANY NAME

SOUTHWOODS MALL, INC.

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

9TH FLOOR EASTWOOD GLOBAL
PLAZA, PALM TREE AVENUE,
EASTWOOD CITY, BAGUMBAYAN,
QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	5-328-4374	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7	Last Thursday of July	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
LAILANI V. VILLANUEVA	lvvillanueva@global-estate.ph	328-4374	

CONTACT PERSON'S ADDRESS

9TH FLOOR EASTWOOD GLOBAL PLAZA, PALM TREE AVENUE, EASTWOOD CITY, BAGUMBAYAN, QUEZON 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 Commisssion within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

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

Jobelle R. Burgonio <jrburgonio@global-estate.ph>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, Apr 2, 2025 at 10:18 AM
To: JRBURGONIO@global-estate.ph
Cc: JRBURGONIO@global-estate.ph

Hi SOUTHWOODS MALL INC,

Valid files

- EAFS008579164TCRTY122024-01.pdf
- EAFS008579164AFSTY122024.pdf
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Transaction Code: **AFS-0-CBG7ACG70BEDF9ELLM34X4SMY0342Z43WN**
Submission Date/Time: **Apr 02, 2025 10:18 AM**
Company TIN: **008-579-164**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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P&A
Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Southwoods Mall, Inc.

December 31, 2024 and 2023

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

SOUTHWOODS MALL, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Southwoods Mall, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **December 31, 2024 & 2023** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing **Southwoods Mall, Inc.**'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 **Southwoods Mall, Inc.** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing **Southwoods Mall, Inc.**'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.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of **Southwoods Mall, Inc.** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Andrew L. Tan
Chairman of the Board

Monica T. Salomon
President

Lailani V. Villanueva
Treasurer

Signed this 21st day of March 2025

SOUTHWOODS MALL, INC.

SUBSCRIBED AND SWORN to before me this _____ day of 02 APR 2025 affiant and exhibiting to me their respective Identification Number, as follows:

NAME	I.D. NUMBERS
Andrew L. Tan	TIN 125-960-003
Monica T. Salomon	TIN 182-240-560
Lailani V. Villanueva	UMID CRN 0002-1985165-5

Doc. No. 157;
Page No. 17;
Book No. XV;
Series of 2025.

Atty. Richard Leo M. Baldueza
Notary Public for Quezon City
(NP-230 / 2024-2025)
Until December 31, 2025
Roll No. 53953
PTR No. 5052411 / 01/02/2025 / Plaridel Bulacan
MCLE Compliance No. VII - 0007663 / 11/04/2021
IBP Lifetime No. 7203 (01-17-08)

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors
Southwoods Mall, Inc.
(A Subsidiary of Global-Estate Resorts, Inc.)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southwoods Mall, Inc. (the Company), which comprise the statements of financial position as at December 31, 2024and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 21 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Jonavell B. Santiago
Partner

CPA Reg. No. 0154806
TIN 443-050-313
PTR No. 10465918, January 2, 2025, Makati City
BIR AN 08-002551-049-2023 (until November 14, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-023 (until August 12, 2027)

March 21, 2025

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Supplemental Statement of Independent Auditors

The Board of Directors
Southwoods Mall, Inc.
(A Subsidiary of Global-Estate Resorts, Inc.)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

We have audited the financial statements of Southwoods Mall, Inc. (the Company) for the year ended December 31, 2024, on which we have rendered the attached report dated March 21, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two stockholders owning 100 or more shares each of the Company's capital stock as of December 31, 2024, as disclosed in Note 15 to the financial statements.

PUNONGBAYAN & ARAULLO

By: Jonavell B. Santiago
Partner

CPA Reg. No. 0154806
TIN 443-050-313
PTR No. 10465918, January 2, 2025, Makati City
BIR AN 08-002551-049-2023 (until November 14, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-023 (until August 12, 2027)

March 21, 2025

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023 (As Restated – see Note 2)
A S S E T S			
CURRENT ASSETS			
Cash	4	**P 54,662,769**	P 35,042,074
Trade and other receivables	5	**125,278,416**	320,868,851
Advances to related parties	14	**204,382,604**	6,539,281
Other current assets	6	**123,047,631**	152,181,784
Total Current Assets		**507,371,420**	514,631,990
NON-CURRENT ASSETS			
Investment property - net	7	**2,421,184,141**	2,546,728,187
Right-of-use asset - net	9	**99,303,319**	102,358,806
Other non-current assets	6	**18,859,745**	18,826,788
Total Non-current Assets		**2,539,347,205**	2,667,913,781
TOTAL ASSETS		**P 3,046,718,625**	P 3,182,545,771
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts and other payables	10	**P 93,171,924**	P 120,978,679
Advances from related parties	14	**246,813,471**	306,813,471
Retention payable	11	**79,150,096**	81,979,422
Security deposits	12	**105,220,519**	114,336,210
Income tax payable		**7,025,511**	19,510,516
Total Current Liabilities		**531,381,521**	643,618,298
NON-CURRENT LIABILITIES			
Lease liability	9	**164,810,291**	162,629,068
Security deposits	12	**42,096,861**	37,989,923
Advance rent	10	**23,644,386**	19,856,005
Deferred tax liabilities - net	13	**671,908**	50,996,497
Total Non-current Liabilities		**231,223,446**	271,471,493
Total Liabilities		**762,604,967**	915,089,791
EQUITY	15		
Capital stock		**1,075,000,000**	1,075,000,000
Additional paid-in capital		**865,902,500**	865,902,500
Retained earnings		**343,211,158**	326,553,480
Total Equity		**2,284,113,658**	2,267,455,980
TOTAL LIABILITIES AND EQUITY		**P 3,046,718,625**	P 3,182,545,771

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes		**2024**		2023
REVENUES					
Rental income	7, 14, 16	**P**	**354,437,867**	P	353,278,442
Finance income	4, 6, 12, 14		**1,565,378**		1,216,355
Miscellaneous	2		**29,715,707**		16,155,067
			385,718,952		370,649,864
COSTS AND EXPENSES					
Depreciation and amortization	7, 8, 9		**134,279,151**		133,910,050
Impairment loss	5		**98,340,811**		-
Association dues	14		**40,019,191**		35,980,981
Outside services	14		**25,941,894**		25,956,111
Taxes and licenses			**19,572,119**		20,173,600
Finance costs	9, 12, 14		**13,492,780**		14,900,486
Advertising and promotion			**10,369,593**		4,902,550
Security services			**6,201,141**		5,803,911
Utilities			**709,833**		693,464
Professional fees			**424,332**		681,344
Transportation and travel			**202,540**		183,120
Representation and entertainment			**24,682**		3,491
Others			**14,050,107**		6,424,500
			363,628,174		249,613,608
PROFIT BEFORE TAX			**22,090,778**		121,036,256
TAX EXPENSE	13		**5,433,100**		31,196,127
NET PROFIT			**16,657,678**		89,840,129
OTHER COMPREHENSIVE INCOME			**-**		-
TOTAL COMPREHENSIVE INCOME		**P**	**16,657,678**	P	89,840,129

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Capital Stock (see Note 15)	Additional Paid-in Capital (see Note 15)	Retained Earnings (see Note 15)	Total Equity
Balance at January 1, 2024	P 1,075,000,000	P 865,902,500	P 326,553,480	P 2,267,455,980
Total comprehensive income for the year	-	-	16,657,678	16,657,678
Balance at December 31, 2024	**P 1,075,000,000**	**P 865,902,500**	**P 343,211,158**	**P 2,284,113,658**
Balance at January 1, 2023	P 1,075,000,000	P 865,902,500	P 556,713,351	P 2,497,615,851
Dividends declared	-	-	(320,000,000)	(320,000,000)
Total comprehensive income for the year	-	-	89,840,129	89,840,129
Balance at December 31, 2023	P 1,075,000,000	865,902,500	P 326,553,480	P 2,267,455,980

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 22,090,778**	P 121,036,256
Adjustments for:			
Depreciation and amortization	7, 8, 9	**134,279,151**	133,910,050
Interest expense on lease liability	9	**12,842,116**	12,672,263
Day-one gain on security deposits	12	**(1,212,553)**	(89,739)
Amortization of day-one gain on security deposits	12	**650,664**	2,228,223
Interest income	4, 14	**(319,869)**	(1,094,934)
Amortization of day-one loss on security deposits	6, 14	**(32,956)**	(31,682)
Operating profit before working capital changes		**168,297,331**	268,630,437
Decrease in trade and other receivables		**195,590,435**	10,476,076
Decrease (increase) in advances to related parties		**(197,690,062)**	1,276,766
Decrease in other assets		**29,134,152**	22,529,198
Decrease in accounts and other payables		**(24,018,374)**	(37,753,713)
Increase (decrease) in retention payable		**(2,829,326)**	164,916
Increase (decrease) in security deposits		**(4,446,864)**	3,273,883
Cash generated from operations		**164,037,292**	268,597,563
Cash paid for income taxes		**(68,242,694)**	(17,699,884)
Interest received		**166,608**	730,939
Net Cash From Operating Activities		**95,961,206**	251,628,618
CASH FLOWS FROM AN INVESTING ACTIVITY			
Additions to investment property	7	**(5,679,618)**	(13,240,241)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of advances from related parties	14	**(60,000,000)**	(45,342,512)
Repayment of lease liability	9	**(10,660,893)**	(10,407,062)
Cash dividends paid	15	**-**	(320,000,000)
Cash Used in Financing Activities		**(70,660,893)**	(375,749,574)
NET INCREASE (DECREASE) IN CASH		**19,620,695**	(137,361,197)
CASH AT BEGINNING OF YEAR		**35,042,074**	172,403,271
CASH AT END OF YEAR		**P 54,662,769**	P 35,042,074

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Amounts in Philippines Pesos)

1. CORPORATE INFORMATION

1.1 Corporate Information

Southwoods Mall, Inc. (the Company) is a stock corporation registered with the Philippine Securities and Exchange Commission (SEC) on July 18, 2013 and has started its commercial operations on September 30, 2017. The Company was incorporated primarily to engage in the acquisition, development and management of malls, shopping centers and other similar structures.

The Company is a subsidiary of Global-Estate Resorts, Inc. (GERI or the parent company). GERI, a subsidiary of Megaworld Corporation (Megaworld or the intermediate parent company), is presently engaged in horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties, and vertical development of mixed-use towers. Megaworld, a subsidiary of Alliance Global Group, Inc. (AGI or the ultimate parent company), is currently engaged in property-related activities such as project design, construction, and property management. AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick-service restaurants and tourism-oriented businesses.

AGI, Megaworld and GERI are publicly listed companies in the Philippine Stock Exchange.

On September 14, 2017, the SEC approved the change in the Company's registered office address and principal place of business from 6/F Renaissance Towers, Meralco Avenue, Ugong, Pasig City to 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. On January 7, 2021, the Board of Directors (BOD) approved the change in the Company's registered office address and principal place of business from 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City to 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City. The change in address was subsequently approved by the SEC on July 8, 2021. The Company is in the process of submitting its application for the transfer of registered office address and principal place of business with the Bureau of Internal Revenue (BIR) as of the date the financial statements were authorized for issue.

GERI's registered office address and principal place of business is located at 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City.

The registered office address of Megaworld, which is also its principal places of business, is located at the 30th floor of the Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address, which is also its primary place of business, is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2024 (including the comparative financial statements as of and for the year ended December 31, 2023) were authorized for issue by the Company's BOD on March 21, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses and other comprehensive income or loss, if any, in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2024, the Company reclassified Lease liability and Advance rent from Current Liabilities to Non-current Liabilities section amounting to P9.9 million and P19.9 million, respectively, to correct the presentation and accounts classification. The Company did not present a third statement of financial position as the reclassifications did not have an impact on the net assets in the 2023 statement of financial position and therefore, did not have any effect on the Company's statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2023.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2024 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.* The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specifiy that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments clarify the subsequent measurement requirements to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective Subsequent to 2024 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iii) PFRS 19*, Subsidiaries without Public Accountability*: Disclosures (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

2.3 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification of Financial Assets

The Company's financial assets include only financial assets at amortized cost. The Company's financial assets at amortized cost are presented in the statement of financial position as Cash, Rental receivables (presented as part of Trade and Other Receivables), Advances to Related Parties, and Refundable security deposits (presented as part of Other Non-current Assets).

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and refundable security deposits are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

ECL for advances to related parties are measured and recognized using the general approach. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

(b) Financial Liabilities

Financial liabilities, which include Accounts and Other Payables (except tax-related liabilities and advance rent), Advances from Related Parties, Lease Liability, Retention Payable and Security Deposits, are recognized when the Company becomes a party to the contractual terms of the instrument.

2.4 Investment Property

Investment property of the Company pertains to a mall building and office towers which are stated at cost. This includes costs of construction and other direct costs. Depreciation of investment property is computed using the straight-line method over the estimated useful lives of the assets of 25 years.

2.5 Revenue and Expense Recognition

Revenue of the Company arises mainly from lease of mall and office towers, which are accounted under PFRS 16 (see Note 2.6) and from parking fees, marketing dues and forfeited deposits, which are accounted under PFRS 15*, Revenue from Contracts with Customers*.

Income from parking fees, marketing dues and forfeited deposits is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to a customer. The transfer of control occurs over time [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)].

Income from parking fees, marketing dues and forfeited deposits are presented as part of Miscellaneous account under the Revenues section of the statement of comprehensive income.

Finance Income is recognized as the interest accrues taking into account the effective yield on the asset which is applied to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired which is applied to the asset's net carrying amount.

2.6 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset (ROUA) on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term which is from 2 to 40 years.

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

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease. The Company recognizes lease payments from operating leases as income on a straight-line basis over the lease term under PFRS 16.

2.7 Impairment of Non-financial Assets

The Company's investment property, property and equipment, ROUA and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term of contracts with renewal and termination options, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For lease of land, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or the Company becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

The Company determines whether any non-cancellable period or notice in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations.

(b) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that income from parking fees and marketing dues shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company recognizes revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date. The Company also determines that income from forfeited deposits shall be recognized at point in time when the contract is cancelled.

(c) Determination of ECL on Trade and Other Receivables, Advances to Related Parties and Refundable Security Deposits

The Company uses a provision matrix to calculate ECL for trade and other receivables, advances to related parties and refundable security deposits. The provision rates are based on days past due.

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's financial assets are disclosed in Note 17.1.

(d) Distinction Between Investment Property and Owner-managed Properties

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Company or for administrative purposes.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes, the Company accounts for the portions separately if these portions can be sold separately.

If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(e) Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor

The Company has entered into lease agreements as lessor during the year. Critical judgment was exercised by management to distinguish the lease agreements as either operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2024 and 2023, management determined that its lease agreements are operating leases.

(f) Determination on whether Lease Concessions Granted constitute a Lease Modification

The Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Company determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease.

The Company assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Company for the years ended December 31, 2024 and 2023 amounted to P793,408 and P113,446,332, respectively.

(g) Recognition of Provisions and Contingencies

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 the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In the process of applying the Company's accounting policies, judgment is exercised by management to distinguish between provisions and contingencies. Disclosure on relevant provision and disclosure of contingencies are presented in Note 16.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 17.1.

(c) Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 7 to the financial statements was estimated by the Company using the information on current or most recent prices of similar properties in the same location and condition.

The Company uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(d) Estimation of Useful Lives of Investment Property, Property and Equipment and ROUA

The Company estimates the useful lives of investment property, property and equipment and ROUA based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property, property and equipment and ROUA are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of investment property, property and equipment and ROUA are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of investment property, property and equipment and ROUA are analyzed in Notes 7, 8 and 9.1, respectively. Based on management's assessment as at December 31, 2024 and 2023, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's evaluation, no impairment losses are required to be recognized on the Company's non-financial assets as of December 31, 2024 and 2023.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at December 31, 2024 and 2023 will be fully utilized in the subsequent reporting periods. The carrying values of deferred tax assets as of those dates are disclosed in Note 13.2.

4. CASH

Cash includes the following components as at December 31:

(Amounts in PHP)	**2024**	2023
Cash on hand	**15,200**	30,200
Cash in bank	**54,647,569**	35,011,874
	54,662,769	35,042,074

Cash on hand represents revolving fund and petty cash used for small and immediate operational requirements of the Company.

Cash in bank generally earns interest based on daily bank deposit rates. Interest income earned amounted to P166,608 and P730,939 in 2024 and 2023, respectively, is presented as part of Finance Income account in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

The account is composed of the following:

(Amounts in PHP)	Notes	**2024**	2023
Rent receivable	14.6, 16.1	**221,137,386**	320,228,074
Advances to officers and employees		**2,481,841**	640,777
		223,619,227	320,868,851
Less: Allowance for doubtful accounts		**(98,340,811)**	-
		125,278,416	320,868,851

All of the Company's trade and other receivables have been assessed for impairment using the ECL model. Based on management's evaluation, impairment loss amounting to P98,340,811 needs to be recognized in 2024. The impairment loss is presented under Cost and Expenses section of the 2024 statement of comprehensive income. There was no similar transaction in 2023 [see Note 17.1(c)].

6. OTHER ASSETS

The details of the Company's other assets are shown below.

(Amounts in PHP)	Note	**2024**	2023
Current:			
Input value-added tax (VAT)		**118,109,980**	150,812,770
Others		**4,937,651**	1,369,014
		123,047,631	152,181,784
Non-current –			
Refundable security deposits	14.5	**18,859,745**	18,826,788
		141,907,376	171,008,572

Refundable security deposits pertain to the initial deposits made by the Company to its electricity provider and to Southwoods Ecocentrum Corporation (SWEC), a related party under common ownership. In 2024 and 2023, the refundable deposit earned interest amounting to P32,956 and P31,682, respectively and such is presented as part of Finance income account under the Revenues section in the statements of comprehensive income.

7. INVESTMENT PROPERTY

The Company's investment property pertains to a mall building and office towers located in Southwoods City, Laguna.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2024 and 2023 are shown below.

(Amounts in PHP)	**Mall Building**	**Office Towers**	**Total**
December 31, 2024			
Cost	1,562,231,376	1,719,004,567	3,281,235,943
Accumulated amortization	(453,047,099)	(407,004,703)	(860,051,802)
Net carrying amount	**1,109,184,277**	**1,311,999,864**	**2,421,184,141**
December 31, 2023			
Cost	1,562,231,376	1,713,324,949	3,275,556,325
Accumulated amortization	(390,557,844)	(338,270,294)	(728,828,138)
Net carrying amount	1,171,673,532	1,375,054,655	2,546,728,187
January 1, 2023			
Cost	1,562,231,376	1,700,084,708	3,262,316,084
Accumulated amortization	(328,068,589)	(270,031,132)	(598,099,721)
Net carrying amount	1,234,162,787	1,430,053,576	2,664,216,363

A reconciliation of the carrying amounts of investment property at the beginning and end of 2024 and 2023 is shown below.

(Amounts in PHP)	**Mall Building**	**Office Towers**	**Total**
Balance at January 1, 2024, net of accumulated depreciation	1,171,673,532	1,375,054,655	2,546,728,187
Additions	-	5,679,618	5,679,618
Depreciation charges for the year	(62,489,255)	(68,734,409)	(131,223,664)
Balance at December 31, 2024, net of accumulated depreciation	**1,109,184,277**	**1,311,999,864**	**2,421,184,141**
Balance at January 1, 2023, net of accumulated depreciation	1,234,162,787	1,430,053,576	2,664,216,363
Additions	-	13,240,241	13,240,241
Depreciation charges for the year	(62,489,255)	(68,239,162)	(130,728,417)
Balance at December 31, 2024, net of accumulated depreciation	1,171,673,532	1,375,054,655	2,546,728,187

Rental income from investment property amounted to P354,437,867 and P353,278,442 in 2024 and 2023, respectively, and is presented as Rental Income account under the Revenues section of the statements of comprehensive income. The operating lease commitments of the Company as a lessor is disclosed in Note 16.1.

Depreciation on investment property is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

Based on management's estimate, the fair market value (FMV) of the investment property as of December 31 is as follows.

(Amounts in PHP)	**2024**	2023
Office towers	**3,197,949,932**	5,137,439,791
Mall building	**3,119,335,659**	3,382,576,259
	6,317,285,591	8,520,016,050

FMV was determined by calculating the present value of the cash inflows anticipated until the end of the useful lives of the investment property using a discount rate that reflects the risks and uncertainty in cash flows. Other information about the fair value measurement and disclosures related to the investment property are presented in Note 19.3.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of the property and equipment as at December 31, 2024 and 2023 are shown in the succeeding page.

(Amounts in PHP)	Transportation Equipment	Office Equipment	Office Furniture and Fixtures	Total
December 31, 2024 and 2023				
Cost	2,342,857	940,346	416,005	3,699,208
Accumulated depreciation	(2,342,857)	(940,346)	(416,005)	(3,699,208)
Net carrying amount	-	-	-	-
January 1, 2023				
Cost	2,342,857	940,346	416,005	3,699,208
Accumulated depreciation	(2,225,714)	(931,343)	(416,005)	(3,573,062)
Net carrying amount	117,143	9,003	-	126,146

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023 is shown below.

(Amounts in PHP)	Transportation Equipment	Office Equipment	Office Furniture and Fixtures	Total
Balance at January 1, 2023, net of accumulated depreciation	117,143	9,003	-	126,146
Depreciation charges for the year	(117,143)	(9,003)	-	(126,146)
Balance at December 31, 2023, net of accumulated depreciation	-	-	-	-

As of December 31, 2024 and 2023, the Company's property and equipment is already fully depreciated with total costs amounting to P3,699,208 in both years.

Depreciation on property and equipment is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

9. LEASES

The Company leases a parcel of land from SWEC upon which the Company's investment property is situated (see Note 14.5). The lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the ROUA can only be used by the Company. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. This lease contains an option to renew the lease which requires mutual agreement of both parties.

Further, the Company must ensure the leased asset and incur maintenance fees on such item in accordance with the lease contract. However, the Company did not recognize provision for the expected costs to be incurred in restoring the leased assets in their original condition since based on management's assessment, such costs are negligible to the Company.

9.1 ROUA

The gross carrying amount and accumulated amortization of the Company's ROUA at the end of 2024 and 2023 are shown below.

(Amounts in PHP)	**2024**	2023
Cost		
Balance at beginning and end of year	**117,636,241**	117,636,241
Accumulated amortization		
Balance at beginning of year	**15,277,435**	12,221,948
Amortization charges for the year	**3,055,487**	3,055,487
Balance at end of year	**18,332,922**	15,277,435
Carrying amount at December 31	**99,303,319**	102,358,806

Amortization on ROUA is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

9.2 Lease Liability

Lease liability as at December 31, 2024 and 2023 amounted to P164,810,291 and P162,629,068, respectively, and is presented under Non-current Liabilities section in the statements of financial position.

The movements of the lease liability recognized in the statements of financial position are as follows:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**162,629,068**	160,363,867
Interest accretion	**12,842,116**	12,672,263
Repayments of lease liabilities	**(10,660,893)**	(10,407,062)
Balance at end of year	**164,810,291**	162,629,068

The use of extension and termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Company's regional markets strategy and the economic benefits of exercising the option exceed the expected overall cost.

The undiscounted maturity analysis of lease liability at December 31, 2024 and 2023 is as follows:

(Amounts in PHP)	Within 1-year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2024							
Lease payments	10,927,415	11,193,937	11,473,786	11,753,634	12,047,475	474,505,403	531,901,650
Finance charges	(13,015,219)	(13,169,912)	(13,326,093)	(13,460,863)	(13,594,943)	(300,524,329)	(367,091,359)
Net present values	**(2,087,804)**	**(1,975,975)**	**(1,852,307)**	**(1,707,229)**	**(1,547,468)**	**173,981,074**	**164,810,291**
December 31, 2023							
Lease payments	10,660,893	10,927,415	11,193,937	11,473,786	11,753,634	486,552,878	542,562,543
Finance charges	(12,842,116)	(13,015,219)	(13,169,912)	(13,326,093)	(13,460,863)	(314,119,272)	(379,933,475)
Net present values	(2,181,223)	(2,087,804)	(1,975,975)	(1,852,307)	(1,707,229)	172,433,606	162,629,068

9.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow with respect to the lease amounted to P10,660,893 and P10,407,062 in 2024 and 2023, respectively. Interest expense in relation to lease liability amounted to P12,842,116 and P12,672,263 in 2024 and 2023, respectively and is presented as part of Finance Costs account in the statements of comprehensive income.

10. ACCOUNTS AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Notes	**2024**	2023 [As restated – see Note 2.1(b)]
Current:			
Accounts payable		**53,675,106**	72,430,047
Accrued expenses	14.2, 14.3	**24,719,903**	38,112,104
Advance rent	16.1	**7,264,295**	1,805,671
Construction bonds		**7,110,150**	7,110,150
Withholding taxes		**98,076**	1,201,140
Others		**304,394**	319,567
		93,171,924	120,978,679
Non-current –			
Advance rent	16.1	**23,644,386**	19,856,005
		116,816,310	140,834,684

Accounts payable pertains to unpaid billings owed by the Company to its contractors and suppliers.

Advance rent pertains to cash received from the new lessees of mall spaces and towers which will be applied against rental income at the beginning and at the end of the lease term, respectively.

Accrued expenses pertain to unpaid marketing fees, commission, management fee, professional fees and other related expenses.

Construction bonds pertain to amounts deposited by the lessees prior to construction or renovation work on the leased premises. The balance shall be refunded or applied to rental for the leased premises after completion of construction or renovation works.

11. RETENTION PAYABLE

Retention payable amounting to P79,150,096 and P81,979,422 as of December 31, 2024 and 2023, respectively, is presented under the Current Liabilities section of the statements of financial position.

Retention payable pertains to amounts withheld by the Company from billings received from contractors. These amounts serve as surety against contractors to properly complete all activities and development as stipulated and required of them under the contracts. Retention payable is computed at 10% of each billing received from contractors. As of December 31, 2024 and 2023, the Company has no ongoing construction or development but is yet to pay the outstanding retention payable to contractors.

12. SECURITY DEPOSITS

Security deposits are presented in the statements of financial position as at December 31 as follows:

(Amounts in PHP)	Notes	**2024**	2023
Current	14.6	**105,220,519**	114,336,210
Non-current		**42,096,861**	37,989,923
	16.1	**147,317,380**	152,326,133

Security deposits collected from lessees are recorded by the Company at amortized cost using the effective interest method. These deposits on lease agreements will be refunded at the end of the lease terms. The resulting day-one gain amounting to P1,212,553 in 2024 and P89,739 in 2023 are presented as part of Finance Income account in the statements of comprehensive income. Interest expense, arising from the unwinding of discount on these deposits, amounting to P650,664 and P2,228,223 in 2024 and 2023, respectively, is presented as part of Finance Costs account in the statements of comprehensive income.

13. TAXES

13.1 Registration with the Philippine Economic Zone Authority

The Company was registered with the Philippine Economic Zone Authority (PEZA) on February 2, 2018 to establish, develop, administer, manage and operate an Information Technology (IT) Center to be known as Southwoods Mall. As a registered developer and operator of Southwoods Mall, the Company is entitled to pay a special 5% gross income tax (GIT) on gross income earned from PEZA-registered locator IT Enterprises, in lieu of all national or local taxes. As of December 31, 2024, and 2023, the Company has not entered into any PEZA-registered activities.

13.2 Current and Deferred Tax

The components of tax expense as reported in the statements of comprehensive income are presented below.

(Amounts in PHP)	**2024**	2023
Current tax expense:		
Regular corporate income tax (RCIT) at 25%	**55,724,367**	34,442,707
Final tax at 20%	**33,322**	146,188
	55,757,689	34,588,895
Deferred tax income – Origination and reversal of temporary differences	**(50,324,589)**	(3,392,768)
	5,433,100	31,196,127

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

(Amounts in PHP)	**2024**	2023
Tax on pretax profit at 25%	**5,522,695**	30,259,064
Adjustment for income subjected to lower income tax rates	**(8,331)**	(36,547)
Tax effects of:		
Non-taxable income	**(311,377)**	(30,356)
Non-deductble expenses	**230,113**	1,003,966
	5,433,100	31,196,127

The details of the net deferred tax liabilities of the Company as of December 31, 2024 and 2023 are presented below.

	Statements of Financial Position		**Statements of Comprehensive Income**	
(Amounts in PHP)	**2024**	2023	**2024**	2023
Deferred tax assets:				
Lease liability	**41,202,574**	40,657,268	**545,306**	566,301
Allowance for impairment	**24,585,203**	-	**24,585,203**	-
Advance rent	**7,727,168**	5,415,417	**2,311,751**	(254,322)
	73,514,945	46,072,685	**27,442,260**	311,979
Deferred tax liabilities:				
Rent receivable	**(49,361,024)**	(71,479,481)	**22,118,457**	2,316,917
ROUA	**(24,825,829)**	(25,589,701)	**763,872**	763,872
	(74,186,853)	(97,069,182)	**22,882,329**	3,080,789
Deferred tax liabilities – net	**(671,908)**	(50,996,497)		
Deferred tax income – net			**50,324,589**	3,392,768

In 2024 and 2023, the Company is subject to minimum corporate income tax (MCIT) which is computed at 2.0% and 1.5%, respectively, of gross income net of allowable deductions, respectively, as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2024 and 2023 as the RCIT was higher than MCIT in both years.

In 2024 and 2023, the Company opted to claim itemized deductions in computing for its income tax due.

14. RELATED PARTY TRANSACTIONS

The Company's related parties include Megaworld, GERI and entities under common ownership or control.

A summary of the Company's transactions and its outstanding balance with its related parties for the years ended December 31, 2024 and 2023 is presented below.

		2024		2023	
(Amounts in PHP)	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Intermediate parent company:					
Commission, management and marketing services	14.2	**(4,971,787)**	**(19,059,423)**	(6,766,150)	(19,865,818)
Cash advances paid (received)	14.1	**60,000,000**	**(246,813,471)**	40,000,000	(306,813,471)
Parent company:					
Rental income	14.6	**12,803,447**	**1,737,621**	114,643	-
Manpower services	14.2	**(18,382,477)**	**-**	(18,382,477)	-
Cash advances paid	14.1	**-**	**-**	4,966,563	-
Cash advances granted – net	14.4	**199,445**	**538,004**	338,559	338,559
Other related parties under common ownership or control:					
Rental income	14.6	**2,762,475**	**903,482**	2,676,700	429,242
Security deposits	14.6	**-**	**(887,141)**	(120,536)	(887,141)
Association dues	14.3	**(27,254,664)**	**(4,014,008)**	(10,360,857)	(16,144,099)
ROUA	14.5	**-**	**99,303,319**	-	102,358,806
Lease liability	14.5	**(10,660,893)**	**(164,810,291)**	(10,407,062)	(162,629,068)
Refundable security deposits	14.5	**32,956**	**852,380**	31,682	819,424
Cash advances granted (collected)	14.4	**197,643,878**	**203,844,600**	(1,251,330)	6,200,722
Cash advances paid	14.1	**-**	**-**	375,949	-

The Company's outstanding advances from and to related parties arising from these transactions are generally unsecured, noninterest-bearing (interest-bearing for certain advances), and are generally payable in cash upon demand. Receivables from related parties were subjected to impairment assessment using the ECL model. Based on the ECL model, no impairment losses were recognized for the Company's advances to and receivable from related parties as of December 31, 2024 and 2023.

14.1 Advances from Related Parties

The Company obtained unsecured, noninterest-bearing advances from Megaworld, GERI and other related parties under common ownership or control for working capital purposes. These advances are generally payable in cash upon demand.

The outstanding balance of such advances is presented as Advances from Related Parties account in the statements of financial position. A rollforward analysis is shown below and in the succeeding page.

(Amounts in PHP)	**Intermediate parent**	**Parent**	**Others**	**Total**
December 31, 2024				
Balance at the beginning of year	306,813,471	-	-	306,813,471
Payments	(60,000,000)	-	-	(60,000,000)
Balance at the end of year	**246,813,471**	**-**	**-**	**246,813,471**

(Amounts in PHP)	Intermediate parent	Parent	Others	Total
December 31, 2023				
Balance at the beginning of year	346,813,471	4,966,563	375,949	352,155,983
Payments	(40,000,000)	(4,966,563)	(375,949)	(45,342,512)
Balance at the end of year	306,813,471	-	-	306,813,471

14.2 Commission, Management, Marketing and Manpower Services

In 2016, the Company entered into a retail marketing agreement with Megaworld, wherein the intermediate parent company will provide services as the exclusive marketing manager for the Company which include events management, sponsorship and business tie-ups, advertising, public relations, and communication for events to retail partners and other related services.

In consideration to services provided, the Company agrees to pay monthly marketing management fee of P150,000, with commission at the rate of 15% from all income generating advertising placements, partnerships, sponsorships, booked events and other activities less all expenses incurred, and cost of services of marketing officer and marketing manager who will handle the performance of services. The agreement shall continue to be effective until terminated by either party.

In 2017, the Company entered into a leasing agent agreement with Megaworld, wherein the intermediate parent company will serve as the exclusive leasing agent of Southwood's Mall. In consideration of the services provided, the Company agrees to pay a commission of one month's rent for every new tenant signed to a two-year lease term plus 50% of one month's rent for every additional year in excess of two years. The agreement shall be effective for a period of five years from the date of execution.

In 2021, the Company entered into a manpower service agreement with GERI, wherein the parent company will provide administrative support services to the Company, such as but not limited to: financial reporting; compliance to government rules and regulations; billing and collection; issuance of official receipts, and other related bank transactions; maintenance, monitoring and updates of clients' records; documentation and preparation of client's contract; communication and coordination with the clients; and any other services that may be required by the Company as part of its administration support. The agreement shall be effective for a period of five years from the date of execution. As of December 31, 2024 and 2023, the agreement remains in effect.

The amount of service fees incurred in 2024 and 2023 are presented as part of Outside Services account under the Costs and Expenses section of the statements of comprehensive income. The unpaid service fees as of December 31, 2024 and 2023 is presented as part of Accrued expenses under the Accounts and Other Payables account in the statements of financial position (see Note 10).

14.3 Association Dues

The Company incurred association dues from its related parties under common ownership which are shown in the succeeding page.

(Amounts in PHP)	**2024**	2023
Southwoods Lifestyle Mall Management, Inc.	**23,312,918**	6,419,111
Southwoods City Estate Association, Inc.	**3,941,746**	3,941,746
	27,254,664	10,360,857

These are presented as part of Association Dues account under the Costs and Expenses section of the statements of comprehensive income. The outstanding balance arising from these transactions are presented as part of Accrued expenses under the Accounts and Other Payables account in the statements of financial position (see Note 10).

14.4 Advances to Related Parties

The Company granted unsecured, interest-bearing and non-interest bearing cash advances to its related parties for the latter's working capital purposes. These advances are generally payable in cash upon demand, or through offsetting arrangements with the related parties.

In 2017, the Company granted non-interest bearing loans to Southwoods Cinema and Asian E-Commerce, Inc., which are payable in cash upon demand. The outstanding balance for Southwoods Cinema amounted to P299,232 and P478,223 as of December 31, 2024 and 2023, respectively, while the outstanding balance for Asian E-Commerce, Inc. amounted to P1,250,000 both as of December 31, 2024 and 2023.

In 2018, the Company granted a non-interest bearing loan to Southwoods City Estate Association, Inc., payable in 10 years. The outstanding balance amounted to P1,055,456 and P1,407,274 as of December 31, 2024 and 2023, respectively.

In 2021, the Company granted an interest-bearing loan to Southwoods City Estate Association, Inc., payable in 10 years and with interest rate of 5%. The outstanding balance amounted to P2,682,071 and P3,065,225 as of December 31, 2024 and 2023, respectively. Interest income earned amounted to P153,261 and P363,995 in 2024 and 2023, respectively, and is presented as part of Finance Income account in the statements of comprehensive income.

In 2024, the Company granted a non-interest bearing loan to Twin Lakes Corporation and Southwoods Office Tower Building Administration, Inc., which are payable in cash upon demand. The outstanding balance amounted to P194,995,823 and P3,562,018, respectively, as of December 31, 2024.

Additionally, the Company granted a cash advance to GERI amounting to P360,513 and P338,559 in 2024 and 2023, respectively. The outstanding balance amounted to P538,004 and P338,559 as of December 31, 2024 and 2023, respectively.

The outstanding balance of these advances is presented as Advances to Related Parties account in the statements of financial position. A rollforward analysis is shown below.

(Amounts in PHP)	**Parent**	**Others**	**Total**
December 31, 2024			
Balance at the beginning of year	338,559	6,200,722	6,539,281
Additions during the year	360,513	198,562,618	198,923,131
Payments	(161,068)	(918,740)	(1,079,808)
Balance at the end of year	**538,004**	**203,844,600**	**204,382,604**
December 31, 2023			
Balance at the beginning of year	-	7,452,052	7,452,052
Additions during the year	338,559	-	338,559
Payments	-	(1,251,330)	(1,251,330)
Balance at the end of year	338,559	6,200,722	6,539,281

None of the outstanding receivables were found to be impaired; hence, no impairment losses were recognized in both years [see note 17.1(b)].

14.5 Lease Agreement with SWEC

In June 2015, the Company entered into a lease agreement with SWEC, wherein the Company leases a parcel of land upon which the Company's investment property is situated (see Note 9). The lease term is for a period of 40 years and shall commence on the day following the end of the construction period but not beyond June 30, 2017.

The Company recognized ROUA and lease liability for this lease agreement with SWEC (see Note 9). In relation to this, the Company incurred amortization expense amounting to P3,055,487 in both 2024 and 2023.

The Company also incurred interest expense amounting to P12,842,116 and P12,672,263 in 2024 and 2023, respectively. The amortization expense and interest expense are presented as part of Depreciation and Amortization account and Finance Costs account, respectively, in the statements of comprehensive income.

The Company also paid refundable security deposits which shall be refunded after the Company has completely and satisfactorily vacated the leased property. These refundable security deposits paid to lessor is recorded by the Company at amortized cost using the effective interest method. The carrying amount of the refundable security deposits amounting to P852,380 and P819,424 as of December 31, 2024, and 2023, respectively, is presented as part of Refundable security deposits under Other Non-current Assets account in the statements of financial position (see Note 6). Interest income, arising from the unwinding of discount on these deposits, amounting to P32,956 and to P31,682 in 2024 and 2023, respectively, is presented as part of Finance Income account in the statements of comprehensive income.

14.6 Lease Agreement with Other Related Parties

In 2017, the Company entered into lease agreements with Golden Arches Development Corporation (GADC) and Megaworld Global-Estate, Inc. (MGEI) wherein they shall lease mall spaces with the Company. The lease terms are 5 years and 3 years, respectively, with annual escalation rate of 10%, and are renewed as may be mutually agreed upon by both parties.

GADC and MGEI paid P551,839 and P292,560, respectively, representing one month of advance rentals which were applied in the first month of the lease term and refundable security deposits which shall be refunded after GADC and MGEI completely and satisfactorily vacated the leased property. Refundable security deposits received are presented as part of Security Deposits account in the statements of financial position (see Note 12). The carrying amount of the refundable security deposit as of December 31, 2024 and 2023 is P887,141. In 2023, the interest expense arising from the unwinding of the discount on this deposit amounted to P120,536 and is presented as part of Finance Costs account in the 2023 statement of comprehensive income. There was no interest expense in 2024 as the day-one gain was fully amortized as of December 31, 2023.

Income recognized in 2024 and 2023 from these transactions amounting to P2,762,475 and P2,676,700, respectively, is presented as part of Rental Income under Revenues in the statements of comprehensive income. Outstanding balance of rent receivable arising from these transactions is presented as part of Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5).

14.7 Key Management Personnel Compensation

There are no expenses recognized for key management compensation as the Company's accounting and administrative activities are being handled by the parent company at no cost to the Company.

15. EQUITY

15.1 Capital Stock

The Company is authorized to issue 1,750,000,000 shares of common stock at P1 par value. As at December 31, 2024 and 2023, the Company has a total of 1,075,000,000 subscribed shares and paid-up capital of P1,940,902,500.

As of December 31, 2024 and 2023, the Company has two stockholders owning 100 or more shares each of the Company's capital stock.

15.2 Retained Earnings

There was no declaration of cash dividend in 2024. In 2023, the BOD approved the declaration of cash dividends as follows:

Date of Declaration	Date of Record	Date of Payment	Amounts in PHP
February 23, 2023	March 6, 2023	March 9, 2023	140,000,000
June 29, 2023	July 10, 2023	July 28, 2023	100,000,000
December 1, 2023	December 19, 2023	December 20, 2023	80,000,000

The dividends were paid within the year of declaration and approval.

16. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

16.1 Operating Lease Commitments – Company as Lessor

The Company leases mall spaces and office towers for a period of two to five years. Some of the lease transactions are subject to 5% to 10% annual escalation rate. The future minimum rentals receivable under these non-cancellable operating leases as of December 31 are presented below.

(Amounts in PHP)	**2024**	2023
Within one year	**287,263,641**	256,219,010
After one year but not more than two years	**198,887,831**	188,493,030
After two years but not more than three years	**74,032,306**	154,413,270
After three years but not more than four years	**33,597,674**	72,952,162
After four years but not more than five years	**11,271,527**	18,178,541
More than five years	**15,538,049**	25,270,037
	620,591,028	715,526,050

Rental income from these lease transactions amounted to P354,437,867 and P353,278,442 in 2024 and 2023, respectively, which is presented as Rental Income under Revenues in the statements of comprehensive income. The outstanding balance of rent receivable arising from recognition of rental income in accordance with PFRS 16 amounted to P221,137,386 and P320,228,074 as of December 31, 2024 and 2023, respectively, and is presented as Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5).

The Company is subject to risk incidental to the operation of its mall building and office towers, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth does not meet management's expectations, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to two to six months' rent which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the rent in advance on a monthly basis, without need for further demand. Security deposits are presented as Security Deposits (see Note 12) and the advance rent is presented as part of Accounts and other payables and as Advance Rent in the statements of financial position (see Note 10).

16.2 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

17.1 Credit Risk

Credit risk is the risk when a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example, by granting loans and receivables to related parties and customers and by placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the statements of financial position as summarized below.

(Amounts in PHP)	Notes	**2024**	2023
Cash	4	**54,662,769**	35,042,074
Trade and other receivables - net	5	**122,796,575**	320,228,074
Advances to related parties	14.4	**204,382,604**	6,539,281
Refundable security deposits	6	**18,859,745**	18,826,788
		400,701,693	380,636,217

The above represents the carrying values of financial assets as amortized cost in the statements of financial position as at December 31, 2024 and 2023.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash in Bank

The credit risk for cash in bank is considered negligible since the counterparty is a reputable bank with high quality external credit ratings.

As part of Company policy, bank deposits are only maintained with reputable financial institutions. Cash in bank which is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 per depositor per banking institution, as provided for under R.A. No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, is still subject to credit risk.

(b) Advances to Related Parties

ECL for advances to related parties are measured and recognized using the general approach. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company does not consider any significant risks since GERI and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2024 and 2023, impairment allowance is not material.

(c) Trade and Other Receivables and Refundable Security Deposits

Credit risk arising from rental income is primarily managed through the tenant selection process. Prospective tenants are evaluated on the basis of credit information and payment track record. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which relieve the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring system. Rent receivables are aged and analyzed on a regular basis to minimize credit risk associated with these receivables.

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables and refundable security deposits. The Company applies a provision matrix for calculating expected losses for trade receivables. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The ECL is calculated by: (a) identifying scenarios in which a receivable default; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events. Because every receivable has at least some probability of defaulting in the future, every receivable has an ECL associated with it – from the moment of its origination or acquisition.

In 2024, the Company recognized impairment losses amounting to P98.3 million in relation to rent receivable from a former tenant (see Note 5). There was no similar transaction in 2023.

17.2 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in its day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for long-term liquidity needs is additionally secured by the ability to sell long-term financial assets.

As at December 31, 2024 and 2023, the Company's financial liabilities have contractual maturities which are presented below and in the succeeding page (see Note 9.2 for the contractual maturities of Lease Liability).

(Amounts in PHP)	**Within 6 Months**	**6 to 12 Months**	**1 to 5 Years**
December 31, 2024			
Accounts and other payables	85,809,553	-	-
Advances from related parties	246,813,471	-	-
Retention payable	79,150,096	-	-
Security deposits	98,046,883	7,173,636	42,096,861
	509,820,003	**7,173,636**	**42,096,861**

(Amounts in PHP)	Within 6 Months	6 to 12 Months	1 to 5 Years
December 31, 2023			
Accounts and other payables	117,971,868	-	-
Advances from related parties	306,813,471	-	-
Retention payable	81,979,422	-	-
Security deposits	113,827,106	509,104	37,989,923
	620,591,867	509,104	37,989,923

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

18. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

18.1 Carrying Values and Fair Values

The carrying values and fair values of the financial assets and financial liabilities at amortized cost presented in the statements of financial position are shown below.

		2024		2023	
(Amounts in PHP)	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Cash	4	**54,662,769**	**54,662,769**	35,042,074	35,042,074
Trade and other receivables - net	5	**122,796,575**	**122,796,575**	320,228,074	320,228,074
Advances to related parties	14.4	**204,382,604**	**204,382,604**	6,539,281	6,539,281
Refundable security deposits	6	**18,859,745**	**18,859,745**	18,826,788	18,826,788
		400,701,693	**400,701,693**	380,636,217	380,636,217
Financial Liabilities					
Accounts and other payables	10	**85,809,553**	**85,809,553**	117,971,868	117,971,868
Lease liability	9.2	**164,810,291**	**164,810,291**	162,629,068	162,629,068
Advances from related parties	14.1	**246,813,471**	**246,813,471**	306,813,471	306,813,471
Retention payable	11	**79,150,096**	**79,150,096**	81,979,422	81,979,422
Security deposits	12	**147,317,380**	**147,317,380**	152,326,133	152,326,133
		723,900,791	**723,900,791**	821,719,962	821,719,962

See Note 2.3 for a description of the accounting policies for each financial asset and financial liability. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 17.

18.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders or upon instruction of the parent company.

19. FAIR VALUE MEASUREMENTS AND DISCLOSURES

19.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: 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); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

19.2 Financial Instruments Measured at Amortized Cost for which Fair Values are Disclosed

The table below and in the succeeding page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair values are disclosed.

(Amounts in PHP)	Level 1	Level 2	Level 3	Total
December 31, 2024				
Financial Assets				
Cash	54,662,769	-	-	54,662,769
Trade and other receivables - net	-	-	122,796,575	122,796,575
Advances to related parties	-	-	204,382,604	204,382,604
Refundable security deposits	-	-	18,859,745	18,859,745
	54,662,769	**-**	**346,038,924**	**400,701,693**
Financial Liabilities				
Accounts and other payables	-	-	85,809,553	85,809,553
Lease liability	-	-	164,810,291	164,810,291
Advances from related parties	-	-	246,813,471	246,813,471
Retention payable	-	-	79,150,096	79,150,096
Security deposits	-	-	147,317,380	147,317,380
	-	**-**	**723,900,791**	**723,900,791**

(Amounts in PHP)	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial Assets				
Cash	35,042,074	-	-	35,042,074
Trade and other receivables	-	-	320,228,074	320,228,074
Advances to related parties	-	-	6,539,281	6,539,281
Refundable security deposits	-	-	18,826,788	18,826,788
	35,042,074	-	345,594,143	380,636,217
Financial Liabilities				
Accounts and other payables	-	-	117,971,868	117,971,868
Lease liability	-	-	162,629,068	162,629,068
Advances from related parties	-	-	306,813,471	306,813,471
Retention payable	-	-	81,979,422	81,979,422
Security deposits	-	-	152,326,133	152,326,133
	-	-	821,719,962	821,719,962

For cash with fair value included in Level 1, fair value is based on unadjusted quoted prices in active markets for identical instruments.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market are calculated based on the expected cash flows of the underlying net asset base of the instrument.

19.3 Fair Value of Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Company's investment property was determined by calculating the present value of the cash inflows anticipated until the end of useful life of the investment property using a discount rate that reflects the risks and uncertainty in cash flows. In estimating the fair value of the mall building and office towers, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

As at December 31, 2024 and 2023, the fair value of the Company's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the mall building and office towers was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital.

The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2024 and 2023.

20. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern entity and to provide an adequate return to stockholders.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. The Company's stockholders are committed to grant noninterest-bearing advances to support the Company's operation whenever the need arises.

The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. It monitors capital using the debt-to-equity ratio computed as follows:

(Amounts in PHP)	**2024**	2023
Total liabilities	**762,604,967**	915,089,791
Total equity	**2,284,113,658**	2,267,455,980
	0.33 : 1.00	0.40 : 1.00

21. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page are the supplementary information on taxes, duties and license fees paid or accrued during the taxable year, which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

21.1 Output VAT

In 2024, the Company recognized output VAT amounting to P47,279,679 from rental income, bidding fees and sale of scrap materials earned during the year amounting to P393,997,330.

The Company's zero-rated sales/receipts were determined pursuant to Section 108 B, *Transactions Subject to Zero Percent (0%) Rate*, of the 1997 National Internal Revenue Code as amended by R.A. No. 10963.

The tax bases are based on the Company's gross receipts until the effectivity of RR No. 03-2024 on April 27, 2024. Subsequently, the accrual method was used. Hence, the tax bases may not be the same as the amounts of revenues reported in the 2024 statement of comprehensive income.

21.2 Input VAT

The movements in input VAT for the year ended December 31, 2024 are summarized below.

(Amounts in PHP)	
Balance at beginning of year	150,812,770
Services lodged under other accounts or manufacture	14,576,889
Applied against output VAT	(47,279,679)
Balance at end of year	**118,109,980**

The outstanding input VAT is presented as part of Other Current Assets in the 2024 statement of financial position.

21.3 Taxes on Importation

The Company has not paid nor accrued any customs duties and tariff fees since it did not have any importations in 2024.

21.4 Excise Tax

The Company has not paid nor accrued excise tax since it did not have any transaction in 2024 which is subject to excise tax.

21.5 Documentary Stamp Tax (DST)

The Company did not have any transaction in 2024 which is subject to DST as the lease contracts executed during the year are on the account of the counterparties.

21.6 Taxes and Licenses

The Company incurred the following taxes and licenses in 2024:

(Amounts in PHP)	
Real estate tax	15,482,350
Business tax	4,078,769
Community tax certificate	11,000
	19,572,119

21.7 Withholding Taxes

The Company withheld a total of P6,354,307 on its purchase of services from contractors, consultants and suppliers in 2024, of which P98,076 remains unpaid as of December 31, 2024.

The Company did not have any income payments subject to withholding tax on compensation and final withholding tax for the year ended December 31, 2024.

21.8 Deficiency Tax Assessments and Tax Cases

In 2024, the Company paid for deficiency tax assessment covering taxable year 2022 amounting to P301,140, inclusive of P31,351 interest. The related expense is presented as part of Others under Cost and Expenses section in the 2024 statement of comprehensive income.

As of December 31, 2024, the Company did not have any other final deficiency tax assessments from the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR.

ANNEX "L-3"

Jobelle Burgonio <jrburgonio@global-estate.ph>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, May 5, 2026 at 5:24 PM
To: JRBURGONIO@global-estate.ph
Cc: JRBURGONIO@global-estate.ph

Hi SOUTHWOODS MALL INC,

Valid file

- EAFS008579164AFSTY122025.pdf

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- <None>

Transaction Code: **AFS-0-A58JCJD907A9L9DB5QYZQXR2M0PQZ3MPQ2**
Submission Date/Time: **May 05, 2026 05:24 PM**
Company TIN: **008-579-164**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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P&A
Grant Thornton

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20th Floor, Tower 1
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6766 Ayala Avenue
1200 Makati City
Philippines

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Report of Independent Certified Public Accountants to Accompany Income Tax Return

The Board of Directors
Southwoods Mall, Inc.
(A Subsidiary of Global-Estate Resorts, Inc.)
6/F Renaissance Towers
Meralco Avenue
Ugong, Pasig City

We have audited the financial statements of Southwoods Mall, Inc. (the Company) for the year ended December 31, 2025, on which we have rendered the attached report dated March 16, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

March 16, 2026

SOUTHWOODS MALL, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Southwoods Mall, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2025**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value-added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2025** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Southwoods Mall, Inc.** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No.8-2007 and other relevant issuances;

(c) **Southwoods Mall, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Andrew L. Tan
Chairman of the Board

Monica T. Salomon
President

Lailani V. Villanueva
Treasurer

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
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1200 Makati City
Philippines

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Report of Independent Auditors

The Board of Directors
Southwoods Mall, Inc.
(A Subsidiary of Global-Estate Resorts, Inc.)
9/F Eastwood Global Plaza
Palm Tree Avenue, Eastwood City
Bagumbayan, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southwoods Mall, Inc. (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 21 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Edcel U. Costales
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
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BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

March 16, 2026

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
A S S E T S			
CURRENT ASSETS			
Cash	4	**P 22,704,317**	P 54,662,769
Trade and other receivables	5	**86,242,433**	125,278,416
Advances to related parties	14	**430,163,155**	204,382,604
Other current assets	6	**86,409,515**	123,047,631
Total Current Assets		**625,519,420**	507,371,420
NON-CURRENT ASSETS			
Investment property - net	7	**2,299,748,775**	2,421,184,141
Right-of-use asset - net	9	**96,247,832**	99,303,319
Property and equipment - net	8	**271,570**	-
Deferred tax assets - net	13	**8,636,967**	-
Other non-current assets	6	**18,894,027**	18,859,745
Total Non-current Assets		**2,423,799,171**	2,539,347,205
TOTAL ASSETS		**P 3,049,318,591**	P 3,046,718,625
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts and other payables	10	**P 108,627,966**	P 93,171,924
Advances from a related party	14	**247,256,107**	246,813,471
Retention payable	11	**75,960,496**	79,150,096
Security deposits	12	**130,854,392**	105,220,519
Income tax payable		**5,618,099**	7,025,511
Total Current Liabilities		**568,317,060**	531,381,521
NON-CURRENT LIABILITIES			
Lease liability	9	**166,898,095**	164,810,291
Security deposits	12	**31,528,191**	42,096,861
Advance rent	10	**22,680,267**	23,644,386
Deferred tax liabilities - net	13	**-**	671,908
Total Non-current Liabilities		**221,106,553**	231,223,446
Total Liabilities		**789,423,613**	762,604,967
EQUITY	15		
Capital stock		**1,075,000,000**	1,075,000,000
Additional paid-in capital		**865,902,500**	865,902,500
Retained earnings		**318,992,478**	343,211,158
Total Equity		**2,259,894,978**	2,284,113,658
TOTAL LIABILITIES AND EQUITY		**P 3,049,318,591**	P 3,046,718,625

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes		2025		2024
REVENUES					
Rental income	7, 14, 16	**P**	**358,701,548**	P	354,437,867
Finance income	4, 6, 12, 14		**1,660,574**		1,565,378
Miscellaneous	2		**31,539,579**		29,715,707
			391,901,701		385,718,952
COSTS AND EXPENSES					
Depreciation and amortization	7, 8, 9		**134,548,709**		134,279,151
Association dues	14		**43,463,126**		40,019,191
Taxes and licenses			**35,097,516**		19,572,119
Outside services	14		**25,820,020**		25,941,894
Finance costs	9, 12		**14,283,887**		13,492,780
Advertising and promotion			**8,560,768**		10,369,593
Security services			**7,793,541**		6,201,141
Impairment loss	5		**6,048,566**		98,340,811
Utilities			**644,801**		709,833
Professional fees			**437,000**		424,332
Transportation and travel			**64,357**		202,540
Representation and entertainment			**48,420**		24,682
Others			**13,895,388**		14,050,107
			290,706,099		363,628,174
PROFIT BEFORE TAX			**101,195,602**		22,090,778
TAX EXPENSE	13		**25,414,282**		5,433,100
NET PROFIT			**75,781,320**		16,657,678
OTHER COMPREHENSIVE INCOME			**-**		-
TOTAL COMPREHENSIVE INCOME		**P**	**75,781,320**	P	16,657,678

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Capital Stock (see Note 15)	**Additional Paid-in Capital** (see Note 15)	**Retained Earnings** (see Note 15)	**Total Equity**
Balance at January 1, 2025	P 1,075,000,000	P 865,902,500	P 343,211,158	P 2,284,113,658
Dividends declared	-	-	(100,000,000)	(100,000,000)
Total comprehensive income for the year	-	-	75,781,320	75,781,320
Balance at December 31, 2025	**P 1,075,000,000**	**P 865,902,500**	**P 318,992,478**	**P 2,259,894,978**
Balance at January 1, 2024	P 1,075,000,000	P 865,902,500	P 326,553,480	P 2,267,455,980
Total comprehensive income for the year	-	-	16,657,678	16,657,678
Balance at December 31, 2024	P 1,075,000,000	P 865,902,500	P 343,211,158	P 2,284,113,658

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 101,195,602**	P 22,090,778
Adjustments for:			
Depreciation and amortization	7, 8, 9	**134,548,709**	134,279,151
Interest expense on lease liability	9	**13,015,219**	12,842,116
Amortization of day-one gain on security deposits	12	**1,268,668**	650,664
Day-one gain on security deposits	12	**(1,143,406)**	(1,212,553)
Interest income	4, 14	**(482,886)**	(319,869)
Amortization of day-one loss on security deposits	6, 14	**(34,282)**	(32,956)
Operating profit before working capital changes		**248,367,624**	168,297,331
Decrease in trade and other receivables		**39,035,983**	195,590,435
Increase in advances to related parties		**(225,646,447)**	(197,690,062)
Decrease in other assets		**36,638,116**	29,134,152
Increase (decrease) in accounts and other payables		**14,491,923**	(24,018,374)
Decrease in retention payable		**(3,189,600)**	(2,829,326)
Increase (decrease) in security deposits		**14,939,941**	(4,446,864)
Cash generated from operations		**124,637,540**	164,037,292
Cash paid for income taxes		**(36,130,569)**	(68,242,694)
Interest received		**348,782**	166,608
Net Cash From Operating Activities		**88,855,753**	95,961,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment property	7	**(9,997,417)**	(5,679,618)
Acquisition of property and equipment	8	**(332,009)**	-
Cash Used in Investing Activities		**(10,329,426)**	(5,679,618)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	15	**(100,000,000)**	-
Repayment of lease liability	9	**(10,927,415)**	(10,660,893)
Additional advances from a related party	14	**442,636**	-
Repayment of advances from a related party	14	**-**	(60,000,000)
Net Cash Used in Financing Activities		**(110,484,779)**	(70,660,893)
NET INCREASE (DECREASE) IN CASH		**(31,958,452)**	19,620,695
CASH AT BEGINNING OF YEAR		**54,662,769**	35,042,074
CASH AT END OF YEAR		**P 22,704,317**	P 54,662,769

See Notes to Financial Statements.

SOUTHWOODS MALL, INC.
(A Subsidiary of Global-Estate Resorts, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippines Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Southwoods Mall, Inc. (the Company) is a stock corporation registered with the Philippine Securities and Exchange Commission (SEC) on July 18, 2013 and has started its commercial operations on September 30, 2017. The Company was incorporated primarily to engage in the acquisition, development and management of malls, shopping centers and other similar structures.

The Company is a subsidiary of Global-Estate Resorts, Inc. (GERI or the parent company). GERI, a subsidiary of Megaworld Corporation (Megaworld or the intermediate parent company), is presently engaged in horizontal development of residential subdivision lots, integrated residential, golf and other leisure-related properties, and vertical development of mixed-use towers. Megaworld, a subsidiary of Alliance Global Group, Inc. (AGI or the ultimate parent company), is currently engaged in property-related activities such as project design, construction, and property management. AGI is a holding company with diversified investments in real estate, food and beverage, manufacturing, quick-service restaurants and tourism-oriented businesses.

AGI, Megaworld and GERI are publicly listed companies in the Philippine Stock Exchange.

On September 14, 2017, the SEC approved the change in the Company's registered office address and principal place of business from 6/F Renaissance Towers, Meralco Avenue, Ugong, Pasig City to 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. On January 7, 2021, the Board of Directors (BOD) approved the change in the Company's registered office address and principal place of business from 16th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City to 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City. The change in address was subsequently approved by the SEC on July 8, 2021. The Company is in the process of submitting its application for the transfer of registered office address and principal place of business with the Bureau of Internal Revenue (BIR) as of the date the financial statements were authorized for issue.

GERI's registered office address and principal place of business is located at 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City.

Megaworld's registered office address and principal place of business is located at the 30th floor of the Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address and principal place of business is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2025 (including the comparative financial statements as of and for the year ended December 31, 2024) were authorized for issue by the Company's BOD on March 16, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses and other comprehensive income or loss, if any, in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2025 that are Relevant to the Company

The Company adopted for the first time the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Company.

(b) Effective Subsequent to 2025 but not Adopted Early

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iii) PFRS 19*, Subsidiaries without Public Accountability*: Disclosures (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

2.3 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification of Financial Assets

The Company's financial assets include only financial assets at amortized cost. The Company's financial assets at amortized cost are presented in the statement of financial position as Cash, Rental receivables (presented as part of Trade and Other Receivables), Advances to Related Parties, and Refundable security deposits (presented as part of Other Non-current Assets).

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and refundable security deposits are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

ECL for advances to related parties are measured and recognized using the general approach. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

(b) Financial Liabilities

Financial liabilities, which include Accounts and Other Payables (except tax-related liabilities and advance rent), Advances from a Related Party, Lease Liability, Retention Payable and Security Deposits, are recognized when the Company becomes a party to the contractual terms of the instrument.

2.4 Investment Property

Investment property of the Company pertains to a mall building and office towers which are stated at cost. This includes costs of construction and other direct costs. Depreciation of investment property is computed using the straight-line method over the estimated useful lives of the assets of 25 years.

2.5 Revenue and Expense Recognition

Revenue of the Company arises mainly from lease of mall and office towers, which are accounted under PFRS 16, *Leases* (see Note 2.6) and from parking fees, marketing dues and forfeited deposits, which are accounted under PFRS 15*, Revenue from Contracts with Customers*.

Income from parking fees, marketing dues and forfeited deposits is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to a customer. The transfer of control occurs over time [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(b)].

Income from parking fees, marketing dues and forfeited deposits are presented as part of Miscellaneous account under the Revenues section of the statement of comprehensive income.

Finance Income is recognized as the interest accrues taking into account the effective yield on the asset which is applied to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired which is applied to the asset's net carrying amount.

2.6 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset (ROUA) on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term which is from 2 to 40 years.

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

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease. The Company recognizes lease payments from operating leases as income on a straight-line basis over the lease term under PFRS 16.

2.7 Impairment of Non-financial Assets

The Company's investment property, property and equipment, ROUA and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term of contracts with renewal and termination options, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or the Company becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

The Company determines whether any non-cancellable period or notice in a lease would meet the definition of a contract and thus, would be included as part of the lease term. A contract would be considered to exist only when it creates rights and obligations.

(b) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that income from parking fees and marketing dues shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company recognizes revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date. The Company also determines that income from forfeited deposits shall be recognized at point in time when the contract is cancelled.

(c) *Determination of ECL on Trade and Other Receivables, Advances to Related Parties and Refundable Security Deposits*

The Company uses a provision matrix to calculate ECL for trade and other receivables, advances to related parties and refundable security deposits. The provision rates are based on days past due.

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's financial assets are disclosed in Note 17.1.

(d) *Distinction Between Investment Property and Owner-managed Properties*

The Company determines whether a property should be classified as investment property or owner-occupied property. The Company applies judgment upon initial recognition of the asset based on intention and also when there is a change in use. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Company or for administrative purposes.

When a property comprises of a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes, the Company accounts for the portions separately if these portions can be sold separately.

If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(e) *Distinction Between Operating and Finance Leases for Contracts where the Company is the Lessor*

The Company has entered into lease agreements as lessor during the year. Critical judgment was exercised by management to distinguish the lease agreements as either operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2025 and 2024, management determined that its lease agreements are operating leases.

(f) *Determination on whether Lease Concessions Granted constitute a Lease Modification*

The Company waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

In making this judgment, the Company determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease.

The Company assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Company in 2025 and 2024 amounted to P5,671,889 and P793,408, respectively.

(g) Recognition of Provisions and Contingencies

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 the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In the process of applying the Company's accounting policies, judgment is exercised by management to distinguish between provisions and contingencies. Disclosure on relevant provision and disclosure of contingencies are presented in Note 16.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 17.1.

(c) Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 7 to the financial statements was estimated by the Company using the information on current or most recent prices of similar properties in the same location and condition.

The Company uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(d) Estimation of Useful Lives of Investment Property, Property and Equipment and ROUA

The Company estimates the useful lives of investment property, property and equipment and ROUA based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property, property and equipment and ROUA are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of investment property, property and equipment and ROUA are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amounts of investment property, property and equipment and ROUA are analyzed in Notes 7, 8 and 9.1, respectively. Based on management's assessment as at December 31, 2025 and 2024, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's evaluation, no impairment losses are required to be recognized on the Company's non-financial assets as of December 31, 2025 and 2024.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at December 31, 2025 and 2024 will be fully utilized in the subsequent reporting periods. The carrying values of deferred tax assets as of those dates are disclosed in Note 13.2.

4. CASH

Cash includes the following components as at December 31:

(Amounts in PHP)	**2025**	2024
Cash on hand	**30,200**	15,200
Cash in bank	**22,674,117**	54,647,569
	22,704,317	54,662,769

Cash on hand represents revolving fund and petty cash used for small and immediate operational requirements of the Company.

Cash in bank generally earns interest based on daily bank deposit rates. Interest income earned amounted to P348,782 and P166,608 in 2025 and 2024, respectively, is presented as part of Finance Income account in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

The account is composed of the following:

(Amounts in PHP)	Notes	**2025**	2024
Rent receivables	14.6, 16.1	**188,579,140**	221,137,386
Advances to officers and employees		**2,052,670**	2,481,841
		190,631,810	223,619,227
Allowance for doubtful accounts		**(104,389,377)**	(98,340,811)
		86,242,433	125,278,416

All of the Company's trade and other receivables have been assessed for impairment using the ECL model. Based on management's evaluation, impairment loss amounting to P6,048,566 and P98,340,811 was required to be recognized in 2025 and 2024, respectively. The impairment loss is presented under Cost and Expenses section of the statements of comprehensive income [see Note 17.1(c)].

A reconciliation of the allowance for doubtful accounts at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**98,340,811**	-
Impairment loss	**6,048,566**	98,340,811
Balance at end of year	**104,389,377**	98,340,811

6. OTHER ASSETS

The details of the Company's other assets are shown below.

(Amounts in PHP)	Note	**2025**	2024
Current:			
Input value-added tax (VAT)		**85,617,103**	118,109,980
Others		**792,412**	4,937,651
		86,409,515	123,047,631
Non-current –			
Refundable security deposits	14.5	**18,894,027**	18,859,745
		105,303,542	141,907,376

Refundable security deposits pertain to the initial deposits made by the Company to its electricity provider and to Southwoods Ecocentrum Corporation (SWEC), a related party under common ownership. In 2025 and 2024, the refundable deposit earned interest amounting to P34,282 and P32,956, respectively, and such is presented as part of Finance income account under the Revenues section in the statements of comprehensive income.

7. INVESTMENT PROPERTY

The Company's investment property pertains to a mall building and office towers located in Southwoods City, Laguna.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2025 and 2024 are shown below and in the succeeding page.

(Amounts in PHP)	**Mall Building**	**Office Towers**	**Total**
December 31, 2025			
Cost	1,562,231,376	1,729,001,985	3,291,233,361
Accumulated amortization	(515,536,354)	(475,948,232)	(991,484,586)
Net carrying amount	**1,046,695,022**	**1,253,053,753**	**2,299,748,775**
December 31, 2024			
Cost	1,562,231,376	1,719,004,567	3,281,235,943
Accumulated amortization	(453,047,099)	(407,004,703)	(860,051,802)
Net carrying amount	1,109,184,277	1,311,999,864	2,421,184,141

(Amounts in PHP)	Mall Building	Office Towers	Total
January 1, 2024			
Cost	1,562,231,376	1,713,324,949	3,275,556,325
Accumulated amortization	(390,557,844)	(338,270,294)	(728,828,138)
Net carrying amount	1,171,673,532	1,375,054,655	2,546,728,187

A reconciliation of the carrying amounts of investment property at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	**Mall Building**	**Office Towers**	**Total**
Balance at January 1, 2025, net of accumulated depreciation	1,109,184,277	1,311,999,864	2,421,184,141
Additions	-	9,997,417	9,997,417
Depreciation charges for the year	(62,489,255)	(68,943,528)	(131,432,783)
Balance at December 31, 2025, net of accumulated depreciation	**1,046,695,022**	**1,253,053,753**	**2,299,748,775**
Balance at January 1, 2024, net of accumulated depreciation	1,171,673,532	1,375,054,655	2,546,728,187
Additions	-	5,679,618	5,679,618
Depreciation charges for the year	(62,489,255)	(68,734,409)	(131,223,664)
Balance at December 31, 2024, net of accumulated depreciation	1,109,184,277	1,311,999,864	2,421,184,141

Rental income from investment property amounted to P358,701,548 and P354,437,867 in 2025 and 2024, respectively, and is presented as Rental Income account under the Revenues section of the statements of comprehensive income. The operating lease commitments of the Company as a lessor is disclosed in Note 16.1.

Depreciation on investment property is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

Based on management's estimate, the fair market value (FMV) of the investment property as of December 31 is as follows.

(Amounts in PHP)	**2025**	2024
Office towers	**2,936,873,503**	3,197,949,932
Mall building	**3,012,940,285**	3,119,335,659
	5,949,813,788	6,317,285,591

FMV was determined by calculating the present value of the cash inflows anticipated until the end of the useful lives of the investment property using a discount rate that reflects the risks and uncertainty in cash flows. Other information about the fair value measurement and disclosures related to the investment property are presented in Note 19.3.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of the property and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Office Equipment	Other Equipment	Total
December 31, 2025			
Cost	215,143	585,178	800,321
Accumulated depreciation	(181,966)	(346,785)	(528,751)
Net carrying amount	**33,177**	**238,393**	**271,570**
December 31, 2025 and 2024			
Cost	169,207	299,105	468,312
Accumulated depreciation	(169,207)	(299,105)	(468,312)
Net carrying amount	-	-	-

A reconciliation of the carrying amounts of property and equipment in 2025 is shown below.

(Amounts in PHP)	Office Equipment	Other Equipment	Total
Additions during the year	45,936	286,073	332,009
Depreciation charges for the year	(12,759)	(47,680)	(60,439)
Balance at December 31, 2025, net of accumulated depreciation	**33,177**	**238,393**	**271,570**

The cost of fully depreciated assets still being used in the Company's operations amounted to P3,699,208 as of both December 31, 2025 and 2024.

Depreciation on property and equipment is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

9. LEASES

The Company leases a parcel of land from SWEC upon which the Company's investment property is situated (see Note 14.5). The lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the ROUA can only be used by the Company. The lease is either non-cancellable or may only be cancelled by incurring a substantive termination fee. This lease contains an option to renew the lease which requires mutual agreement of both parties.

Further, the Company must ensure the leased asset and incur maintenance fees on such item in accordance with the lease contract. However, the Company did not recognize provision for the expected costs to be incurred in restoring the leased assets in their original condition since based on management's assessment, such costs are negligible to the Company.

9.1 ROUA

The gross carrying amount and accumulated amortization of the Company's ROUA at the end of 2025 and 2024 are shown below.

(Amounts in PHP)	**2025**	2024
Cost		
Balance at beginning and end of year	**117,636,241**	117,636,241
Accumulated amortization		
Balance at beginning of year	**18,332,922**	15,277,435
Amortization charges for the year	**3,055,487**	3,055,487
Balance at end of year	**21,388,409**	18,332,922
Carrying amount at December 31	**96,247,832**	99,303,319

Amortization charges is presented as part of Depreciation and Amortization account under the Costs and Expenses section in the statements of comprehensive income.

9.2 Lease Liability

Lease liability as at December 31, 2025 and 2024 amounted to P166,898,095 and P164,810,291, respectively, and is presented under Non-current Liabilities section in the statements of financial position.

The movements of the lease liability recognized in the statements of financial position are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**164,810,291**	162,629,068
Interest accretion	**13,015,219**	12,842,116
Repayments of lease liabilities	**(10,927,415)**	(10,660,893)
Balance at end of year	**166,898,095**	164,810,291

The use of extension and termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Company's regional markets strategy and the economic benefits of exercising the option exceed the expected overall cost.

The undiscounted maturity analysis of lease liability at December 31, 2025 and 2024 is as follows:

(Amounts in PHP)	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
December 31, 2025							
Lease payment	11,193,937	11,473,786	11,753,635	12,047,475	12,341,316	462,164,086	520,974,235
Finance charges	(13,169,912)	(13,326,093)	(13,460,863)	(13,594,943)	(13,704,108)	(286,820,221)	(354,076,140)
Net present value	**(1,975,975)**	**(1,852,307)**	**(1,707,228)**	**(1,547,468)**	**(1,362,792)**	**175,343,865**	**166,898,095**
December 31, 2024							
Lease payment	10,927,415	11,193,937	11,473,786	11,753,634	12,047,475	474,505,403	531,901,650
Finance charges	(13,015,219)	(13,169,912)	(13,326,093)	(13,460,863)	(13,594,943)	(300,524,329)	(367,091,359)
Net present value	(2,087,804)	(1,975,975)	(1,852,307)	(1,707,229)	(1,547,468)	173,981,074	164,810,291

9.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow with respect to the lease amounted to P10,927,415 and P10,660,893 in 2025 and 2024, respectively. Interest expense in relation to lease liability amounted to P13,015,219 and P12,842,116 in 2025 and 2024, respectively and is presented as part of Finance Costs account in the statements of comprehensive income.

10. ACCOUNTS AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Notes	**2025**	2024
Current:			
Accrued expenses	14.2, 14.3	**51,991,218**	24,719,903
Accounts payable		**44,930,623**	53,675,106
Construction bonds		**7,248,344**	7,110,150
Advance rent	16.1	**4,067,115**	7,264,295
Withholding taxes		**72,817**	98,076
Others		**317,849**	304,394
		108,627,966	93,171,924
Non-current –			
Advance rent	16.1	**22,680,267**	23,644,386
		131,308,233	116,816,310

Accrued expenses pertain to unpaid marketing fees, commission, management fee, professional fees and other related expenses.

Accounts payable pertains to unpaid billings owed by the Company to its contractors and suppliers.

Construction bonds pertain to amounts deposited by the lessees prior to construction or renovation work on the leased premises. The balance shall be refunded or applied to rental for the leased premises after completion of construction or renovation works.

Advance rent pertains to cash received from the new lessees of mall spaces and towers which will be applied against rental income at the beginning and at the end of the lease term, respectively.

11. RETENTION PAYABLE

Retention payable amounting to P75,960,496 and P79,150,096 as of December 31, 2025 and 2024, respectively, is presented under the Current Liabilities section of the statements of financial position.

Retention payable pertains to amounts withheld by the Company from billings received from contractors. These amounts serve as surety against contractors to properly complete all activities and development as stipulated and required of them under the contracts. Retention payable is computed at 10% of each billing received from contractors. As of December 31, 2025 and 2024, the Company has no ongoing construction or development but is yet to pay the outstanding retention payable to contractors.

12. SECURITY DEPOSITS

Security deposits are presented in the statements of financial position as at December 31 as follows:

(Amounts in PHP)	Notes	**2025**	2024
Current	14.6	**130,854,392**	105,220,519
Non-current		**31,528,191**	42,096,861
	16.1	**162,382,583**	147,317,380

Security deposits collected from lessees are recorded by the Company at amortized cost using the effective interest method. These deposits on lease agreements will be refunded at the end of the lease terms. The resulting day-one gain amounting to P1,143,406 in 2025 and P1,212,553 in 2024 are presented as part of Finance Income account in the statements of comprehensive income. Interest expense, arising from the unwinding of discount on these deposits, amounting to P1,268,668 and P650,664 in 2025 and 2024, respectively, is presented as part of Finance Costs account in the statements of comprehensive income.

13. TAXES

13.1 Registration with the Philippine Economic Zone Authority

The Company was registered with the Philippine Economic Zone Authority (PEZA) on February 2, 2018 to establish, develop, administer, manage and operate an Information Technology (IT) Center to be known as Southwoods Mall. As a registered developer and operator of Southwoods Mall, the Company is entitled to pay a special 5% gross income tax (GIT) on gross income earned from PEZA-registered locator IT Enterprises, in lieu of all national or local taxes. As of December 31, 2025, and 2024, the Company has not entered into any PEZA-registered activities.

13.2 Current and Deferred Tax

The components of tax expense as reported in the statements of comprehensive income are presented below.

(Amounts in PHP)	**2025**	2024
Current tax expense:		
Regular corporate income tax (RCIT) at 25%	**34,653,401**	55,724,367
Final tax at 20%	**69,756**	33,322
	34,723,157	55,757,689
Deferred tax income on origination and reversal of temporary differences	**(9,308,875)**	(50,324,589)
	25,414,282	5,433,100

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

(Amounts in PHP)	**2025**	2024
Tax on pretax profit at 25%	**25,298,900**	5,522,695
Adjustment for income subjected to lower income tax rates	**(17,440)**	(8,331)
Tax effects of:		
Non-taxable income	**(294,422)**	(311,377)
Non-deductble expenses	**427,244**	230,113
	25,414,282	5,433,100

The details of the net deferred tax assets and liabilities of the Company as of December 31, 2025 and 2024 are presented below.

	Statements of Financial Position		**Statements of Comprehensive Income**	
(Amounts in PHP)	**2025**	2024	**2025**	2024
Lease liability	**41,724,525**	41,202,574	**521,951**	545,306
Allowance for impairment	**26,097,345**	24,585,203	**1,512,142**	24,585,203
Advance rent	**6,686,843**	7,727,168	**(1,040,325)**	2,311,751
Rent receivables	**(41,809,789)**	(49,361,024)	**7,551,235**	22,118,457
ROUA	**(24,061,957)**	(24,825,829)	**763,872**	763,872
Deferred tax assets (liabilities) - net	**8,636,967**	(671,908)		
Deferred tax income - net			**9,308,875**	50,324,589

In 2025 and 2024, the Company is subject to minimum corporate income tax (MCIT) which is computed at 2.0% for both years of gross income net of allowable deductions as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2025 and 2024 as the RCIT was higher than MCIT in both years.

In 2025 and 2024, the Company opted to claim itemized deductions in computing for its income tax due.

14. RELATED PARTY TRANSACTIONS

The Company's related parties include Megaworld, GERI, and entities under common ownership or control.

A summary of the Company's transactions and its outstanding balance with its related parties for the years ended December 31, 2025 and 2024 is presented below.

		2025		2024	
(Amounts in PHP)	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Intermediate parent company:					
Outside services	14.2	**(6,653,718)**	**(18,915,010)**	(4,971,787)	(19,059,423)
Cash advances paid (obtained)	14.1	**(442,636)**	**(247,256,107)**	60,000,000	(246,813,471)
Parent company:					
Rental income	14.6	**10,595,956**	**818,726**	12,803,447	1,737,621
Outside services	14.2	**(18,382,477)**	**-**	(18,382,477)	-
Cash advances granted – net	14.4	**228,993**	**766,997**	199,445	538,004
Other related parties under common ownership or control:					
Rental income	14.6	**2,152,908**	**987,637**	2,762,475	903,482
Security deposits	14.6	**-**	**(887,141)**	-	(887,141)
Association dues	14.3	**(16,286,964)**	**(9,011,220)**	(27,254,664)	(4,014,008)
ROUA	14.5	**-**	**96,247,832**	-	99,303,319
Lease liability	14.5	**(10,927,415)**	**(166,898,095)**	(10,660,893)	(164,810,291)
Refundable security deposits	14.5	**34,282**	**886,662**	32,956	852,380
Cash advances granted – net	14.4	**225,551,557**	**429,396,158**	197,643,878	203,844,600
Interest income	14.4	**134,104**	**-**	153,261	-

The Company's outstanding balances from and to related parties arising from these transactions are generally unsecured, noninterest-bearing (interest-bearing for certain advances), and are generally collectible or payable in cash upon demand. Receivables from related parties were subjected to impairment assessment using the ECL model. Based on the ECL model, no impairment losses were recognized for the Company's advances to and receivable from related parties as of December 31, 2025 and 2024.

14.1 Advances from a Related Party

The Company obtained unsecured, noninterest-bearing advances from Megaworld for working capital purposes. The outstanding balance of such advances is presented as Advances from a Related Party account in the statements of financial position. A rollforward analysis is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**246,813,471**	306,813,471
Additions during the year	**442,636**	-
Payments	**-**	(60,000,000)
Balance at end of year	**247,256,107**	246,813,471)

14.2 Marketing, Commission and Manpower Services

The Company entered into a retail marketing agreement with Megaworld, wherein the intermediate parent company will provide services as the exclusive marketing manager for the Company which include events management, sponsorship and business tie-ups, advertising, public relations, and communication for events to retail partners and other related services. In consideration to services provided, the Company agrees to pay monthly marketing management fee of P150,000, with commission at the rate of 15% from all income generating advertising placements, partnerships, sponsorships, booked events and other activities less all expenses incurred, and cost of services of marketing officer and marketing manager who will handle the performance of services. The agreement shall continue to be effective until terminated by either party.

The Company entered into a leasing agent agreement with Megaworld, wherein the intermediate parent company will serve as the exclusive leasing agent of Southwoods Mall. In consideration of the services provided, the Company agrees to pay a commission of one month's rent for every new tenant signed to a two-year lease term plus 50% of one month's rent for every additional year in excess of two years. The agreement shall continue to be effective until terminated by either party.

The Company entered into a manpower service agreement with GERI, wherein the parent company will provide administrative support services to the Company, such as but not limited to: financial reporting; compliance to government rules and regulations; billing and collection; issuance of official receipts, and other related bank transactions; maintenance, monitoring and updates of clients' records; documentation and preparation of client's contract; communication and coordination with the clients; and any other services that may be required by the Company as part of its administration support. The agreement shall continue to be effective until terminated by either party.

As of December 31, 2025 and 2024, the foregoing service agreements remain in effect.

The amount of service fees incurred in 2025 and 2024 are presented as part of Outside Services account under the Costs and Expenses section of the statements of comprehensive income. The unpaid service fees as of December 31, 2025 and 2024 is presented as part of Accrued expenses under the Accounts and Other Payables account in the statements of financial position (see Note 10).

14.3 Association Dues

The Company incurred association dues from its related parties under common ownership which are shown below.

(Amounts in PHP)	**2025**	2024
Southwoods Lifestyle Mall Management, Inc.	**12,150,346**	23,312,918
Southwoods City Estate Association, Inc.	**4,136,618**	3,941,746
	16,286,964	27,254,664

These are presented as part of Association Dues account under the Costs and Expenses section of the statements of comprehensive income. The outstanding balance arising from these transactions are presented as part of Accrued expenses under the Accounts and Other Payables account in the statements of financial position (see Note 10).

14.4 Advances to Related Parties

The Company granted unsecured, interest-bearing and non-interest bearing cash advances to its related parties for the latter's working capital purposes. These advances are generally payable in cash upon demand, or through offsetting arrangements with the related parties.

In 2017, the Company granted noninterest-bearing loans that are payable in cash upon demand to Southwoods Cinema and Asian E-Commerce, Inc., which are both related parties under common ownership. The outstanding balance for Southwoods Cinema amounted to P149,232 and P299,232 as of December 31, 2025 and 2024, respectively, while the outstanding balance for Asian E-Commerce, Inc. amounted to P1,250,000 as of both December 31, 2025 and 2024.

In 2018, the Company granted to Southwoods City Estate Association, Inc., a related party under common ownership, a noninterest-bearing loan which is payable in 10 years. The outstanding balance amounted to P703,637 and P1,055,456 as of December 31, 2025 and 2024, respectively.

In 2021, the Company granted an interest-bearing loan to Southwoods City Estate Association, Inc., payable in 10 years and with interest rate of 5%. The outstanding balance amounted to P2,298,918 and P2,682,071 as of December 31, 2025 and 2024, respectively. Interest income earned amounted to P134,104 and P153,261 in 2025 and 2024, respectively, and is presented as part of Finance Income account in the statements of comprehensive income.

In 2024, the Company granted a noninterest-bearing loan to Twin Lakes Corporation and Southwoods Office Tower Building Administration, Inc., which are payable in cash upon demand. The outstanding balance amounted to P424,994,371 and P198,557,841 as of December 31, 2025 and 2024, respectively.

Additionally, the Company granted a cash advance to GERI amounting to P357,827 and P360,513 in 2025 and 2024, respectively. The outstanding balance amounted to P766,997 and P538,004 as of December 31, 2025 and 2024, respectively.

The outstanding balance of these advances is presented as Advances to Related Parties account in the statements of financial position. A rollforward analysis is shown below and in the succeeding page.

(Amounts in PHP)	**Parent**	**Others**	**Total**
December 31, 2025			
Balance at the beginning of year	538,004	203,844,600	204,382,604
Additions during the year	357,827	230,001,072	230,358,899
Payments	(128,834)	(4,449,514)	(4,578,348)
Balance at the end of year	**766,997**	**429,396,158**	**430,163,155**

(Amounts in PHP)	Parent	Others	Total
December 31, 2024			
Balance at the beginning of year	338,559	6,200,722	6,539,281
Additions during the year	360,513	198,562,618	198,923,131
Payments	(161,068)	(918,740)	(1,079,808)
Balance at the end of year	538,004	203,844,600	204,382,604

None of the outstanding receivables were found to be impaired; hence, no impairment losses were recognized in both years [see note 17.1(b)].

14.5 Lease Agreement with SWEC

In June 2015, the Company entered into a lease agreement with SWEC, wherein the Company leases a parcel of land upon which the Company's investment property is situated (see Note 9). The lease term is for a period of 40 years and shall commence on the day following the end of the construction period but not beyond June 30, 2017.

The Company also paid refundable security deposits which shall be refunded after the Company has completely and satisfactorily vacated the leased property. These refundable security deposits paid to lessor is recorded by the Company at amortized cost using the effective interest method. The carrying amount of the refundable security deposits amounting to P886,662 and P852,380 as of December 31, 2025, and 2024, respectively, is presented as part of Refundable security deposits under Other Non-current Assets account in the statements of financial position (see Note 6). Interest income, arising from the unwinding of discount on these deposits, amounting to P34,282 and to P32,956 in 2025 and 2024, respectively, is presented as part of Finance Income account in the statements of comprehensive income.

14.6 Lease Agreement with Other Related Parties

In 2017, the Company entered into lease agreements with Golden Arches Development Corporation (GADC) and Megaworld Global-Estate, Inc. (MGEI) wherein they shall lease mall spaces with the Company. The lease terms are 5 years and 3 years, respectively, with annual escalation rate of 10%, and are renewed as may be mutually agreed upon by both parties.

GADC and MGEI paid P551,839 and P292,560, respectively, representing one month of advance rentals which were applied in the first month of the lease term and refundable security deposits which shall be refunded after GADC and MGEI completely and satisfactorily vacated the leased property. Refundable security deposits received are presented as part of Security Deposits account in the statements of financial position (see Note 12). The carrying amount of the refundable security deposit as of December 31, 2025 and 2024 is P887,141. There was no interest expense in 2025 and 2024 as the day-one gain was fully amortized as of December 31, 2023.

Income recognized in 2025 and 2024 from these transactions amounting to P2,152,908 and P2,762,475, respectively, is presented as part of Rental Income under Revenues in the statements of comprehensive income. Outstanding balance of rent receivable arising from these transactions is presented as part of Rent receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).

14.7 Key Management Personnel Compensation

There are no expenses recognized for key management compensation as the Company's accounting and administrative activities are being handled by the parent company at no cost to the Company.

15. EQUITY

15.1 Capital Stock

The Company is authorized to issue 1,750,000,000 shares of common stock at P1 par value. As at December 31, 2025 and 2024, the Company has a total of 1,075,000,000 subscribed shares and paid-up capital of P1,940,902,500.

As of December 31, 2025 and 2024, the Company has two stockholders owning 100 or more shares each of the Company's capital stock.

15.2 Retained Earnings

On November 7, 2025, the BOD approved the declaration of cash dividends to its stockholders amounting to P100,000,000. The dividends were set for stockholders of record as of November 11, 2025, and were subsequently paid on November 19, 2025. There was no similar transaction in 2024.

16. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

16.1 Operating Lease Commitments – Company as Lessor

The Company leases mall spaces and office towers for a period of two to five years. Some of the lease transactions are subject to 5% to 10% annual escalation rate. The future minimum rentals receivable under these non-cancellable operating leases as of December 31 are presented in the succeeding page.

(Amounts in PHP)	**2025**	2024
Within one year	**355,123,213**	287,263,641
After one year but not more than two years	**219,769,857**	198,887,831
After two years but not more than three years	**126,093,637**	74,032,306
After three years but not more than four years	**75,544,368**	33,597,674
After four years but not more than five years	**31,178,041**	11,271,527
More than five years	**21,090,243**	15,538,049
	828,799,359	620,591,028

Rental income from these lease transactions amounted to P358,701,548 and P354,437,867 in 2025 and 2024, respectively, which is presented as Rental Income under Revenues in the statements of comprehensive income. The outstanding balance of rent receivable arising from recognition of rental income in accordance with PFRS 16 amounted to P188,579,140 and P221,137,386 as of December 31, 2025 and 2024, respectively, and is presented as Rent receivables under the Trade and Other Receivables account in the statements of financial position (see Note 5).

The Company is subject to risk incidental to the operation of its mall building and office towers, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. If the expected growth does not meet management's expectations, the Company may not be able to lease their properties in a timely manner or collect rent at profitable rates.

To mitigate these risks, tenants pay security deposits and advance rent equal to two to six months' rent which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the rent in advance on a monthly basis, without need for further demand. Security deposits are presented as Security Deposits (see Note 12) and the advance rent is presented as part of Accounts and other payables and as Advance Rent in the statements of financial position (see Note 10).

16.2 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

17.1 Credit Risk

Credit risk is the risk when a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example, by granting loans and receivables to related parties and customers and by placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the total carrying amount of the financial assets as shown in the statements of financial position as summarized below.

(Amounts in PHP)	Notes	**2025**	2024
Cash	4	**22,704,317**	54,662,769
Rent receivables	5	**188,579,140**	221,137,386
Advances to related parties	14.4	**430,163,155**	204,382,604
Refundable security deposits	6	**18,894,027**	18,859,745
		660,340,639	499,042,504

The above represents the carrying values of financial assets as amortized cost in the statements of financial position as at December 31, 2025 and 2024.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below and in the succeeding page.

(a) Cash in Bank

The credit risk for cash in bank is considered negligible since the counterparty is a reputable bank with high quality external credit ratings.

As part of Company policy, bank deposits are only maintained with reputable financial institutions. Cash in bank, which is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 per depositor per banking institution, is still subject to credit risk.

(b) Advances to Related Parties

ECL for advances to related parties are measured and recognized using the general approach. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company does not consider any significant risks since GERI and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2025 and 2024, impairment allowance is not material.

(c) Rent Receivables and Refundable Security Deposits

Credit risk arising from rental income is primarily managed through the tenant selection process. Prospective tenants are evaluated on the basis of credit information and payment track record. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which relieve the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring system. Rent receivables are aged and analyzed on a regular basis to minimize credit risk associated with these receivables.

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables and refundable security deposits. The Company applies a provision matrix for calculating expected losses for trade receivables. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The ECL is calculated by: (a) identifying scenarios in which a receivable default; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events. Because every receivable has at least some probability of defaulting in the future, every receivable has an ECL associated with it – from the moment of its origination or acquisition.

In 2025 and 2024, the Company recognized impairment losses amounting to P6,048,566 and P98,340,811, respectively, in relation to rent receivable from a former tenant (see Note 5).

17.2 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in its day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Funding for long-term liquidity needs is additionally secured by the ability to sell long-term financial assets.

As at December 31, 2025 and 2024, the Company's financial liabilities have contractual maturities which are presented below (see Note 9.2 for the contractual maturities of Lease Liability).

(Amounts in PHP)	**Within 6 Months**	**6 to 12 Months**	**1 to 5 Years**
December 31, 2025			
Accounts and other payables	104,488,034	-	-
Advances from a related party	247,256,107	-	-
Retention payable	75,960,496	-	-
Security deposits	107,546,090	23,308,302	31,528,191
	535,250,727	**23,308,302**	**31,528,191**
December 31, 2024			
Accounts and other payables	85,809,553	-	-
Advances from a related party	246,813,471	-	-
Retention payable	79,150,096	-	-
Security deposits	98,046,883	7,173,636	42,096,861
	509,820,003	7,173,636	42,096,861

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

18. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

18.1 Carrying Values and Fair Values

The carrying values and fair values of the financial assets and financial liabilities at amortized cost presented in the statements of financial position are shown below.

		2025		2024	
(Amounts in PHP)	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
Cash	4	**22,704,317**	**22,704,317**	54,662,769	54,662,769
Trade and other receivables - net	5	**84,189,763**	**84,189,763**	122,796,575	122,796,575
Advances to related parties	14.4	**430,163,155**	**430,163,155**	204,382,604	204,382,604
Refundable security deposits	6	**18,894,027**	**18,894,027**	18,859,745	18,859,745
		555,951,262	**555,951,262**	400,701,693	400,701,693
Financial Liabilities					
Accounts and other payables	10	**104,488,034**	**104,488,034**	85,809,553	85,809,553
Lease liability	9.2	**166,898,095**	**166,898,095**	164,810,291	164,810,291
Advances from a related party	14.1	**247,256,107**	**247,256,107**	246,813,471	246,813,471
Retention payable	11	**75,960,496**	**75,960,496**	79,150,096	79,150,096
Security deposits	12	**162,382,583**	**162,382,583**	147,317,380	147,317,380
		756,985,315	**756,985,315**	723,900,791	723,900,791

See Note 2.3 for a description of the accounting policies for each financial asset and financial liability. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 17.

18.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set off financial instruments in 2025 and 2024 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BODs and stockholders or upon instruction of the parent company.

19. FAIR VALUE MEASUREMENTS AND DISCLOSURES

19.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: 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); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

19.2 Financial Instruments Measured at Amortized Cost for which Fair Values are Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair values are disclosed.

(Amounts in PHP)	Level 1	Level 2	Level 3	Total
December 31, 2025				
Financial Assets				
Cash	22,704,317	-	-	22,704,317
Trade and other receivables - net	-	-	84,189,763	84,189,763
Advances to related parties	-	-	430,163,155	430,163,155
Refundable security deposits	-	-	18,894,027	18,894,027
	22,704,317	**-**	**533,246,945**	**555,951,262**
Financial Liabilities				
Accounts and other payables	-	-	104,488,034	104,488,034
Lease liability	-	-	166,898,095	166,898,095
Advances from a related party	-	-	247,256,107	247,256,107
Retention payable	-	-	75,960,496	75,960,496
Security deposits	-	-	162,382,583	162,382,583
	-	**-**	**756,985,315**	**756,985,315**
December 31, 2024				
Financial Assets				
Cash	54,662,769	-	-	54,662,769
Trade and other receivables - net	-	-	122,796,575	122,796,575
Advances to related parties	-	-	204,382,604	204,382,604
Refundable security deposits	-	-	18,859,745	18,859,745
	54,662,769	-	346,038,924	400,701,693
Financial Liabilities				
Accounts and other payables	-	-	85,809,553	85,809,553
Lease liability	-	-	164,810,291	164,810,291
Advances from a related party	-	-	246,813,471	246,813,471
Retention payable	-	-	79,150,096	79,150,096
Security deposits	-	-	147,317,380	147,317,380
	-	-	723,900,791	723,900,791

For cash with fair value included in Level 1, fair value is based on unadjusted quoted prices in active markets for identical instruments.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market are calculated based on the expected cash flows of the underlying net asset base of the instrument.

19.3 Fair Value of Investment Property Measured at Cost for which Fair Value is Disclosed

The fair value of the Company's investment property was determined by calculating the present value of the cash inflows anticipated until the end of useful life of the investment property using a discount rate that reflects the risks and uncertainty in cash flows. In estimating the fair value of the mall building and office towers, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

As at December 31, 2025 and 2024, the fair value of the Company's investment property is classified in Level 3 of the fair value hierarchy. The Level 3 fair value of the mall building and office towers was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital.

The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses, anticipated increase in market rental, discount rate and terminal capitalization rate.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024.

20. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern entity and to provide an adequate return to stockholders.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. The Company's stockholders are committed to grant noninterest-bearing advances to support the Company's operation whenever the need arises.

The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. It monitors capital using the debt-to-equity ratio computed as follows:

(Amounts in PHP)	**2025**	2024
Total liabilities	**789,423,613**	762,604,967
Total equity	**2,259,894,978**	2,284,113,658
	0.35 : 1.00	0.33 : 1.00

21. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages are the supplementary information on taxes, duties and license fees paid or accrued during the taxable year, which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

21.1 Output VAT

In 2025, the Company recognized output VAT amounting to P42,033,175 from rental income, bidding fees and sale of scrap materials earned during the year amounting to P350,276,461.

The Company's zero-rated sales/receipts were determined pursuant to Section 108 B, *Transactions Subject to Zero Percent (0%) Rate*, of the 1997 National Internal Revenue Code as amended by R.A. No. 10963.

21.2 Input VAT

The movements in input VAT for the year ended December 31, 2025 are summarized below *(Amounts in PHP)*.

Balance at beginning of year	118,109,980
Services lodged under other accounts or manufacture	9,540,298
Applied against output VAT	(42,033,175)
Balance at end of year	**85,617,103**

The outstanding input VAT is presented as part of Other Current Assets in the statements of financial position.

21.3 Taxes on Importation

The Company has not paid nor accrued any customs duties and tariff fees since it did not have any importations in 2025.

21.4 Excise Tax

The Company has not paid nor accrued excise tax since it did not have any transaction in 2025 which is subject to excise tax.

21.5 Documentary Stamp Tax (DST)

The Company did not have any transaction in 2025 which is subject to DST as the lease contracts executed during the year are on the account of the counterparties.

21.6 Taxes and Licenses

The Company incurred the following taxes and licenses in 2025 *(Amounts in PHP):*

Real estate tax	28,399,022
Business tax	6,677,494
Community tax certificate	21,000
	35,097,516

21.7 Withholding Taxes

The Company withheld a total of P5,335,940 on its purchase of services from contractors, consultants and suppliers in 2025, of which P72,817 remains unpaid as of December 31, 2025.

The Company did not have any income payments subject to withholding tax on compensation and final withholding tax for the year ended December 31, 2025.

21.8 Deficiency Tax Assessments and Tax Cases

In 2025, the Company paid for deficiency tax assessment covering taxable year 2023 amounting to P503,616, inclusive of P63,310 interest. The related expense is presented as part of Others under Cost and Expenses section in the 2025 statement of comprehensive income.

As of December 31, 2025, the Company did not have any other final deficiency tax assessments from the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR.

DEED OF EXCHANGE OF PROPERTY FOR SHARES

KNOWN BY ALL MEN THESE PRESENTS:

This Deed of Exchange of Property for Shares ("**Deed**") is executed this SEP 0 2 2026 in PARAÑAQUE CITY, Philippines, by and between:

MEGAWORLD CORPORATION, a corporation duly organized and existing under Philippine laws, with principal office address at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, represented herein by its President and Chief Executive Officer, Lourdes T. Gutierrez-Alfonso ("**Megaworld**");

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC., a corporation duly organized and existing under Philippine laws, with principal office address at the 10/F NECC Building, Newport Boulevard, Newport City, Pasay, Philippines, represented herein by its President and Chief Executive Officer, Nilo Thaddeus P. Rodriguez, and its Authorized Representative, Jane Lynn S. Tan ("**TIHGI**");

SOUTHWOODS MALL, INC., a corporation duly organized and existing under Philippine laws, with principal office address at the 9/F Eastwood Global Plaza, Palm Tree Avenue, Eastwood City, Bagumbayan, Quezon City, represented herein by its President, Monica T. Salomon and Treasurer, Lailani V. Villanueva ("**SMI**");

(Megaworld, TIHGI, and SMI are hereinafter collectively referred to as the "**Asset Owners**")

- and -

MREIT, INC., a corporation organized and existing under Philippine law with address at 18th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City 1634, Metro Manila, Philippines, represented in this act by its President and Chief Executive Officer, Jose Arnulfo C. Batac, herein referred to as "**MREIT**";

(The Asset Owners and MREIT are hereinafter each a "**Party**" and collectively referred to as "**Parties**".)

WITNESSETH: That –

WHEREAS, the Asset Owners are the absolute and registered owners of certain real properties, more particularly described as follows:

	Owner	Location	Tax Declaration No.	Property Index No.	Description	Floor Area (in sq.m.)	Gross Leasable Area (in sq.m.)	Historical Cost (in Php)	Appraised Value (in Php)
1	Megaworld	**Festive Walk Mall and Festive Walk Annex** Mandurriao, Iloilo City	24-05-001-00868 24-05-004-02189	139-05-001-05-23 4-1001, 139-05-004-02-25 1-1001	Three (3)-Storey Commercial / Mall Building	74,933.88	32,659.00	2,869,663,064.36 (Mall) 650,584,715.12 (Annex)	2,839,743,000.00
2	Megaworld	**Lucky Chinatown Mall and Lucky Chinatown Annex** Binondo, Manila	AD-08293-05648, AD-08293-05466	117-08-293-009-0 10-B0004-00026, 117-08-293-009-0 10-B0005	Five (5)-Storey Commercial / Mall Building	95,170.50	40,078.07	2,784,026,305.87	4,279,373,000.00
3	Megaworld	**Venice Mall and Venice Piazza** McKinley Hill, Brgy. Pinagsama, Taguig City	EB-028-005593	120-02-028-003-0 01-1007	Three (3)-Storey Commercial / Mall Building	50,701.14	39,616.63	2,263,848,685.16 (Mall) 722,309,478.01 (Piazza)	3,548,221,000.00
4	Megaworld	**Science Hub Tower 2** McKinley Hill, Brgy. Pinagsama, Taguig City	EB-028-005589	120-02-028-003-0 11-1007	Ten (10)-Storey Office Building	23,845.13	20,906.33	408,857,458.22	1,760,480,000.00
5	Megaworld	**Venice Corporate Center** McKinley Hill, Brgy. Pinagsama, Taguig City	EB-028-005591	120-02-028-003-0 01-1005	Nine (9)-Storey Office Building	14,462.89	8,420.57	721,497,125.24	727,636,000.00
6	Megaworld	**Six West Campus** McKinley West, Brgy. Fort Bonifacio, Taguig City	EB-019-173966	120-02-019-030-3 36-1004	Five (5)-Storey Office Building	12,186.32	9,275.00	656,200,638.19	875,495,000.00

7	Megaworld	**Eastwood Mall** Bagumbayan, Quezon City	G-009-08620	13-009-006-087-1-001-704	Four (4)-Storey Commercial / Mall Building	36,616.05	22,216.28	1,398,132,429.93	2,595,089,000.00
8	Megaworld	**One Paseo** Arcovia City, Brgy. Ugong, Pasig City	E-030-25616	119-01-030-14-04 4-1006	Seventeen (17)-Storey Office Building	52,055.43	23,688.21	2,443,084,707.85	1,966,794,000.00
9	Megaworld	**Global One** Bagumbayan, Quezon City	D-009-28182	13-009-006-139-1-001	Twenty-One (21)-Storey Office Building	36,611.84	34,495.00	816,223,698.46	3,019,423,000.00
10	TIHGI	**Holiday Inn Express Manila Newport City** Newport City, Pasay	C7-183-27601, C7-183-27605, C7-183-27604	123-07-183-07-242-1001 123-07-183-07-242-1001-L10-001 123-07-183-07-242-1001-L01-002	Nine (9)-Storey Hotel / Commercial Building with Three (3) Basement Levels and Roofdeck	49,376.62	26,495.22	4,228,509,923.59	2,917,391,000.00
11	TIHGI	**Horizon Center** Newport City, Pasay	C7-183-27591	123-07-183-07-237-1001	Eight (8)-Storey Office Building with Basement Level and Roofdeck	23,040.00	20,422.04	1,020,348,952.47	2,251,870,000.00
12	SMI	**Southwoods Mall** Brgy. San Francisco, Biñan, Laguna	Portion of: AD-000008-07751	243-00-0008-042-07 3-1001	Three (3)-Storey Commercial / Mall Building with Basement Level	51,075.10 portion of the total area	25,663.86	1,562,231,375.88	2,234,089,000.00
TOTAL								22,545,518,558.35	29,015,604,000.00

Copies of the Tax Declarations of Real Property covering the Properties are attached as Annexes **"A- Series"** and made an integral part of this Deed;

WHEREAS, MREIT is a real estate investment trust company, with an authorized capital stock of Eight Billion Pesos (PhP8,000,000,000.00) divided into EIGHT BILLION (8,000,000,000) common shares with par value of One Peso (PhP1.00) per share. As of the date of this Deed, MREIT has a total of 4,718,849,053 issued and outstanding common shares;

WHEREAS, out of the authorized and unissued capital stock of MREIT, the Asset Owners intend to subscribe to One Billion Six Hundred Thirty-Seven Million Two Hundred Seventeen Thousand Nine Hundred Eighty-One (1,637,217,981) primary common shares of MREIT (the "MREIT Shares"), broken down as follows:

(i) Megaworld shall subscribe to One Billion Two Hundred Nine Million Eight Hundred Nine Thousand Four Hundred Twenty-Six (1,209,809,426) shares;

(ii) TIHGI shall subscribe to Three Hundred Nine Million Three Hundred Seventy-Two Thousand Eight Hundred Thirty-Five (309,372,835) shares; and

(iii) SMI shall subscribe to One Hundred Eighteen Million Thirty-Five Thousand Seven Hundred Twenty (118,035,720) shares.

The subscription price is for a par value of One Peso (PhP1.00) per share, or a total of Philippine Pesos: One Billion Six Hundred Thirty-Seven Million Two Hundred Seventeen Thousand Nine Hundred Eighty-One (PhP1,637,217,981.00) and Additional Paid-In Capital ("APIC") of Philippine Pesos: Twenty-Five Billion Three Hundred Seventy-Six Million Eight Hundred Seventy-Eight Thousand Seven Hundred Eleven (Php25,376,878,711.00), or a total subscription price of Philippine Pesos: Twenty-Seven Billion Fourteen Million Ninety-Six Thousand Six Hundred Ninety-Two (PhP27,014,096,692.00) (the "Subscription Price"), or an effective price per share of Philippine Pesos: Sixteen and 50/100 (PhP16.50), representing an Eighteen and 60/100 percent (18.60%) premium over the Volume-Weighted Average Price (VWAP) of Philippine Pesos: Thirteen and 91/100 (Php13.91) per share over a period of thirty (30) trading days payable by way of a tax-free exchange of the Properties by the Asset Owners to MREIT;

WHEREAS, the Asset Owners intend to transfer to MREIT their rights, title and interests in the Properties, subject to the provisions of this Deed, in payment for their subscription to the MREIT Shares, and MREIT is willing to accept the Properties as payment of the subscription price for the MREIT Shares;

NOW, THEREFORE, for and in consideration of the foregoing premises and in consideration of the representations, warranties, and covenants herein contained, the Parties hereby agree as follows:

1. The Asset Owners hereby transfer, assign and convey absolutely in favor of MREIT, their rights, title and interests in the Properties, to the extent specified below, free from all liens and encumbrances.

	Owner	Location	Percentage of Interest to be Transferred	Transfer Value (in Php)
1	Megaworld	**Festive Walk Mall and Festive Walk Annex,** Mandurriao, Iloilo City	100%	2,664,150,536.00
2	Megaworld	**Lucky Chinatown Mall and Lucky Chinatown Annex,** Binondo, Manila	100%	3,829,467,068.00
3	Megaworld	**Venice Mall and Venice Piazza,** McKinley Hill, Brgy. Pinagsama, Taguig City	100%	3,300,918,337.00
4	Megaworld	**Science Hub Tower 2,** McKinley Hill, Brgy. Pinagsama, Taguig City	100%	1,688,353,544.00
5	Megaworld	**Venice Corporate Center,** McKinley Hill, Brgy. Pinagsama, Taguig City	100%	687,993,212.00
6	Megaworld	**Six West Campus,** McKinley West, Brgy. Fort Bonifacio, Taguig City	80% pro indiviso	744,677,226.00
7	Megaworld	**Eastwood Mall,** Bagumbayan, Quezon City	100%	2,360,561,230.00
8	Megaworld	**One Paseo,** Arcovia City, Brgy. Ugong, Pasig City	100%	1,902,624,373.00
9	Megaworld	**Global One,** Bagumbayan, Quezon City	100%	2,783,110,011.00
10	TIHGI	**Holiday Inn Express Manila Newport City,** Pasay	100%	2,895,588,235.00

11	TIHGI	**Horizon Center,** Newport City, Pasay	100%	2,209,063,547.00
12	SMI	**Southwoods Mall,** Biñan, Laguna	100% interest in the area to be transferred	1,947,589,373.00

The real properties described above are hereinafter collectively referred to as the "**Properties**". For the avoidance of doubt, the parcels of land on which the Properties are erected on are not included in the transfer herein nor do they form part of the subject matter of this Deed;

In consideration for the transfer of the Properties to MREIT, MREIT hereby agrees to issue to the Asset Owners the MREIT Shares.

2. As a result of the issuance of the MREIT Shares, Megaworld, TIHGI and SMI shall jointly maintain control of MREIT and hold an aggregate ownership interest of sixty-five and 43/100 percent (65.43%) of the total issued and outstanding capital stock of MREIT, broken down as follows:

(i) Megaworld shall acquire ownership interests of fifty-eight and 70/100 percent (58.70%) of the total issued and outstanding capital stock of MREIT;

(ii) TIHGI shall acquire ownership interests of four and 87/100 percent (4.87%) of the total issued and outstanding capital stock of MREIT; and

(iii) SMI shall acquire ownership interests of one and 86/100 percent (1.86%) of the total issued and outstanding capital stock of MREIT.

3. The capital structure of MREIT as a result of the said exchange will be as follows:

Shareholder	Nationality	Subscribed Shares	Subscription at Par Value (Php)[1]	Amount Paid		Percentage of Ownership
				Amount Paid-Up (Php)	Additional Paid-In Capital (Php)	
Megaworld Corporation[2]	Filipino	3,731,096,200	3,731,096,200.00	3,731,096,200.00	98,724,984,823.00[3]	58.70%
PCD Nominee Corp. (Filipino)[4]	Filipino	2,169,724,594	2,169,724,594.00	2,169,724,594.00	0	34.14%

[1] The total amount of the Subscription Amount at Par Value plus the APIC is 111,705,884,457.00.
[2] Includes 372,788,221 scripless shares.
[3] The ending balance of APIC per last approved transaction is PHP80,017,234,425.00. The decrease of P44,295,713 pertains to stock issuance costs such as documentary stamp tax and transfer taxes accounted as a direct deduction to APIC under PAS 32 reducing the APIC to P79,972,938,712.00.
[4] Includes scripless shares of Other Affiliates (i.e. Emperador, Inc.), and Directors (i.e. Mr. Kevin Andrew L. Tan and Mr. Jose Arnulfo C. Batac).

PCD Nominee Corp. (Non-Filipino)	Non-Filipino	24,476,385	24,476,385.00	24,476,385.00	0	0.39%
Travellers International Hotel Group, Inc.	Filipino	309,372,835	309,372,835.00	309,372,835.00	4,795,278,947.00	4.87%
Southwoods Mall, Inc.	Filipino	118,035,720	118,035,720.00	118,035,720.00	1,829,553,653.00	1.86%
AIM Scientific Research Foundation, Inc.	Filipino	1,250,000	1,250,000.00	1,250,000.00	0	0.02%
Pryce Gases, Inc.	Filipino	1,035,900	1,035,900.00	1,035,900.00	0	0.02%
Pryce Corporation	Filipino	851,400	851,400.00	851,400.00	0	0.01%
James Esteves Takano	Filipino	124,000	124,000.00	124,000.00	0	0.00%
Meiyan Jiang	Chinese	32,000	32,000.00	32,000.00	0	0.00%
Dhawal Vasant Kamath	Indian	31,700	31,700.00	31,700.00	0	0.00%
Myra P. Villanueva	Filipino	10,000	10,000.00	10,000.00	0	0.00%
Leovillo Dela Cruz Agustin	Filipino	8,000	8,000.00	8,000.00	0	0.00%
Milagros P. Villanueva	Filipino	4,000	4,000.00	4,000.00	0	0.00%
Myrna P. Villanueva	Filipino	4,000	4,000.00	4,000.00	0	0.00%
Jose Arnulfo C. Batac	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Juan Carlos V. Cabreza	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Marietta V. Cabreza	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Francisco Castaneda Canuto	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Lourdes T. Gutierrez-Alfonso	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Antonio E. Llantada, Jr.	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Sergio R. Ortiz-Luis, Jr.	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Katherine L. Tan	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Kevin Andrew Lim Tan	Filipino	1,000	1,000.00	1,000.00	0	0.00%

Jesus B. Varela	Filipino	1,000	1,000.00	1,000.00	0	0.00%
Jennifer T. Ramos	Filipino	200	200.00	200.00	0	0.00%
Francis J. Ricamora	Filipino	100	100.00	100.00	0	0.00%
TOTAL		**6,356,067,034**	**6,356,067,034.00**	**6,356,067,034.00**	**105,349,817,423.00**	100.00%

4. The Parties shall obtain from the Securities and Exchange Commission a confirmation of valuation of the Properties transferred by the Asset Owners to MREIT in exchange for the MREIT Shares.

5. The Asset Owners covenant that after the signing of this Deed, the Asset Owners shall, in case any further action is necessary or desirable to carry out the purposes of this Deed and to fully vest complete and clean title and possession of the Properties to MREIT, take such further action (including the execution and delivery of such further instruments and documents) as MREIT may reasonably request without further cost to MREIT.

6. The Parties shall obtain from the Bureau of Internal Revenue Certificates Authorizing Registration (CARs) confirming that the transfer of the Properties from the Asset Owners to MREIT, as and by way of payment of the subscription price for the MREIT Shares subscribed by the Asset Owners, and the issuance of the MREIT Shares to the Asset Owners under this Deed are pursuant to a tax-free exchange of property for shares under Section 40(C)(2) of the National Revenue Code of 1997, as amended.

(*The signature pages follow.*)

IN WITNESS WHEREOF, the Parties have hereunto signed on the date and at the place first above written.

MEGAWORLD CORPORATION

By:

LOURDES T. GUTIERREZ-ALFONSO
President & Chief Executive Officer

IN WITNESS WHEREOF, the Parties have hereunto signed on the date and at the place first above written.

TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.

By:

NILO THADDEUS P. RODRIGUEZ
President & Chief Executive Officer

JANE LYNN S. TAN
Authorized Representative

IN WITNESS WHEREOF, the Parties have hereunto signed on the date and at the place first above written.

SOUTHWOODS MALL, INC.

By:

MONICA T. SALOMON
President

LAILANI V. VILLAÑUEVA
Treasurer

IN WITNESS WHEREOF, the Parties have hereunto signed on the date and at the place first above written.

MREIT, INC.

By:

JOSE ARNULFO C. BATAC
President & Chief Executive Officer

(*The acknowledgement page follows.*)

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in PARAÑAQUE CITY this SEP 0 2 2026 personally appeared the following parties:

Name	ID No.	Expiry / Place of Issue
MEGAWORLD CORPORATION By: Lourdes T. Gutierrez-Alfonso	Tax Identification No. 106-893-930	
TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. By: Nilo Thaddeus P. Rodriguez Jane Lynn S. Tan	Tax Identification No. 102-095-755 211-011-014	
SOUTHWOODS MALL, INC. By: Monica T. Salomon Lailani V. Villanueva	Tax Identification Nos. 182-240-560 221-996-849	
MREIT, INC. By: Jose Arnulfo C. Batac	Tax Identification No. 908-169-660	

known to me and to me known to be the same persons who executed the foregoing instrument, consisting of nine (9) pages, including this page where this Acknowledgment is written, but excluding the annexes and attachments thereto, and acknowledged to me that the same is their own free and voluntary acts and deeds or that of the corporation they represent.

WITNESS my hand and seal on the date and at the place first above written.

Doc No. 309;
Page No. 63;
Book No. 1;
Series of 2026.

"DOCUMENTARY STAMP TAX PAID"
SEP 0 2 2026
2162174
(SERIAL NUMBER) (DATE)

MIKHAILA KLAUDINE A. ROSALES
Notary Public
ROLL NO. 87239
PARAÑAQUE CITY, PHILIPPINES

MIKHAILA KLAUDINE A. ROSALES
Notary Public for Parañaque City
NOTARIAL COMMISSION No. 437-2026
Roll of Attorneys No. 87239
PTR NO. 4022348 / 07 January 2026 / Parañaque City
IBP No. 573247 / 26 December 2025 / Camarines Sur Chapter
Upper Ground, Westside City Phase 1 – Site B
Barangay Tambo, Parañaque City
MCLE COMPLIANCE No. VIII-0034983 / 20 May 2025

Republic of the Philippines

TC: **GR**

Office of the City Assessor

TAX DECLARATION OF REAL PROPERTY

T.D. No.: **24-05-001-00868** Property Identification No.: **139-05-001-05-234-1001**

Owner: **MEGAWORLD CORPORATION / MEGAWORLD CENTER MALL**

Address: ILOILO FESTIVE WALK MALL, ILOILO BUSINESS CENTER, DIVERSION ROAD, MANDURRIAO, ILOILO CITY

Administrator/Beneficial User:

Address:

Location of Property: **OLD AIRPORT ROAD** (*Number and Street*) **ABETO MIRASOL, MANDURRIAO** (*Barangay/District*) **ILOILO CITY** (*City*)

OCT/TCT/CCT/CLOA No. Survey No.

Lot No. Block No.

Boundaries: North: South:

East: West:

KIND OF PROPERTY ASSESSED:

☐ LAND ☑ BUILDING OR OTHER STRUCTURES ☐ MACHINERY

Classification	Area	Unit Value	Market Value	Actual Use	Assessment Level	Assessed Value	Taxability
COMMERCIAL	62,617.36 sq.m		Php 876,668,660.00	COMMERCIAL	79.95 %	Php 700,896,590.00	TAXABLE
Total	**62,617.36 sq.m**		Php **876,668,660.00**			Php **700,896,590.00**	

Total Assessed Value *Seven Hundred Million Eight Hundred Ninety-Six Thousand Five Hundred Ninety Pesos Only*

(Amount in Words)

Taxable ☑ Exempt ☐ Effectivity of Assessment/Reassessment: **2024** **YEAR**

By the Authority of the City Assessor

MARY JEAN THERESA S. PATIÑO
Division Chief/LAOO IV

Approved by:

CESAR Z. JALBUENA, JR.
City Assessor

This declaration cancels TD No. 19-05-001-01435 Previous A.V. Php. 700,896,590.00 Previous PIN: 139-05-001-05-234-1001

Memoranda:

General Revision 2024
THIS BLDG. IS ALSO STANDING ON LOTS 3-G & 3-F COVERED BY PIN 05-232 & 05-233 DECLARED FOR TAXATION PURPOSES UNDER THE NAME OF MEGAWORLD CORPORATION.

Previous Owner: MEGAWORLD CORPORATION / MEGAWORLD CENTER MALL

LAND REFERENCE

Land Owner: MEGAWORLD CORPORATION Lot No. 3-A

Notes: This declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panglungsod. It does not and cannot by itself alone confer any ownership or legal title to the property.

Paid Under OR No.: **9439198** SWORN STATEMENT No.: **03982-25**

OR Date: **7/2/2026** SWORN STATEMENT Date: **07-01-2025**

This declaration is issued upon the request of Eliza Cordova for whatever legal purpose it may serve.

Machine Validation: Printed by John Michael N. Villanueva/ 3:48:40 PM/ 7/2/2026

M27 88 8

Republic of the Philippines

TC: **GR**

Office of the City Assessor

TAX DECLARATION OF REAL PROPERTY

T.D. No.: **24-05-004-02189** Property Identification No.: **139-05-004-02-251-1001**

Owner: **ILOILO ANNEX MALL / MEGAWORLD CORPORATION**

Address: MEGAWORLD MALL ANNEX, ILOILO BUSINESS PARK, MANDURRIAO, ILOILO CITY

Administrator/Beneficial User:

Address:

Location of Property: **ACCESS ROAD** (Number and Street) **BUHANG, MANDURRIAO** (Barangay/District) **ILOILO CITY** (City)

OCT/TCT/CCT/CLOA No. Survey No.

Lot No. Block No.

Boundaries: North: South:

East: West:

KIND OF PROPERTY ASSESSED:

☐ LAND ☑ BUILDING OR OTHER STRUCTURES ☐ MACHINERY

Classification	Area	Unit Value	Market Value	Actual Use	Assessment Level	Assessed Value	Taxability
COMMERCIAL	12,316.52 sq.m		Php 166,497,070.00	COMMERCIAL	79.95 %	Php 133,114,410.00	TAXABLE
Total	**12,316.52 sq.m**		Php **166,497,070.00**			Php **133,114,410.00**	

Total Assessed Value *One Hundred Thirty-Three Million One Hundred Fourteen Thousand Four Hundred Ten Pesos Only*

(Amount in Words)

Taxable ☑ Exempt ☐ Effectivity of Assessment/Reassessment: **2024** **YEAR**

By the Authority of the City Assessor

MARY JEAN THERESA S. PATIÑO
Division Chief/LAOO IV

Approved by:

CESAR Z. JALBUENA, JR.
City Assessor

This declaration cancels TD No. 19-05-004-01098 Previous A.V. Php. 133,114,410.00 Previous PIN: 139-05-004-02-251-1001

Memoranda:

General Revision 2024

Previous Owner: ILOILO ANNEX MALL / MEGAWORLD CORPORATION

LAND REFERENCE

Land Owner: MEGAWORLD CORPORATION Lot No. 2

Notes: This declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panglungsod. It does not and cannot by itself alone confer any ownership or legal title to the property.

Paid Under OR No.: **9439198** SWORN STATEMENT No.: **03982-25**

OR Date: **7/2/2026** SWORN STATEMENT Date: **07-01-2025**

This declaration is issued upon the request of Eliza Cordova for whatever legal purpose it may serve.

Machine Validation: Printed by John Michael N. Villanueva/ 3:47:51 PM/ 7/2/2026

02741 V

REPUBLIC OF THE PHILIPPINES
City of Manila
DEPARTMENT OF ASSESSMENT

TAX DECLARATION OF REAL PROPERTY
City Ordinance No. 8330

UPDATE CODE: DC

TDN/ARP NO. AD-08293-05649 Property Identification No. 117-08-293-009-010-B0004-00026

Owner No. 23002321

Owner MEGAWORLD CORPORATION / LUCKY CHINA MALL

Address 28F THE WORLD CENTER 330 SEN GIL PUYAT AVE MAKATI CITY

Location of Property REINA REGENTE CORTELIPE (Number and Street) Barangay 293 Zone 028, BINONDO District (Barangay/District) MANILA (City)

New TCT No. Date Survey No.

New CCT No. Date Lot No. 2 PCS-011873

Previous TCT/CCT No. Date Block No. 2041

Boundaries

North: South:

East: West:

KIND OF PROPERTY ASSESSED

[ ] **LAND**

[X] **BUILDING**
No. of Storeys
Brief Description V.C. 28

[ ] **MACHINERY**
Brief Description

[ ] **OTHERS**
Specify

ACTUAL USE	AREA	MARKET VALUE	Assessment Level %	ASSESSED VALUE	TAXABILITY
COMMERCIAL	68,247.000	Php 75,071,700.00	80	Php 60,057,360	T
Total	68,247.000	Php 75,071,700.00		Php 60,057,360	

Total Assessed Value SIXTY MILLION FIFTY SEVEN THOUSAND THREE HUNDRED SIXTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment/Reassessment: 01/01/2024

APPROVED BY

ALMARI JOSE T. JAYME 03/08/2023
Property Appraiser Date

ENGR. ROLLY D. FERNANDEZ, REA
City Assessor

This declaration cancels TDN/ARP NO. Owner Previous A.V. Php

Memoranda: (NEW DECLARATION) NEW IMPROVEMENT EFFECTIVE 2024 ASSESSED PURSUANT TO ORDINANCE 8330. EXTRA ITEMS AS COMPONENT PARTS OF THE BUILDING. TAX MAPPING OPERATION

IMPORTANT: Issued for taxation purposes and should not be considered as title to the property

CERTIFIED TRUE COPY

REQUESTED BY: RICKY
MANILA
O.R. NO. ATTACHED DATE: 7/6/26
AMOUNT PAID: 100.00
PURPOSE: TRANSFER OF PROPERTY

Verified by:
Jayvee Encina

Engr. Arnold Sta. Mari
Chief, Machinery Appraisal Division

ENGR. MANUEL D. PEREZ III, REA
LOCAL ASSESSMENT OPERATIONS OFFICER IV

Prepared By: ERNESTO GIL
Date 7/6/2026 10:40:05AM

REPUBLIC OF THE PHILIPPINES
City of Manila
DEPARTMENT OF ASSESSMENT

TAX DECLARATION OF REAL PROPERTY
City Ordinance No. 8330

BAGONG PILIPINAS

UPDATE CODE: PC

TDN/ARP NO: AD-08293-05466 Property Identification No: 117-08-293-009-010-B0003

Owner No: 00259622

Owner: MEGAWORLD CORPORATION (LUCKY CHINATOWN MALL II)

Address: 26/F THE WORLD-CTR 330 SEN GIL PUYAT AVE MAKATI CITY

Location of Property: REINA REGENTE COR FELIPE (Number and Street) | Barangay 293 Zone 023, BINONDO District (Barangay/District) | MANILA (City)

New TCT No.: Date: Survey No.:

New CCT No.: Date: Lot No.: 2 PCS-011073

Previous TCT/CCT No.: Date: Block No.: 2041

Boundaries:
North: South:
East: West:

KIND OF PROPERTY ASSESSED

[ ] **LAND**

[X] **BUILDING**
No. of Storeys: 9
Brief Description: V.C. 29.3

[ ] **MACHINERY**
Brief Description:

[ ] **OTHERS**
Specify:

ACTUAL USE	AREA		MARKET VALUE	Assessment Level %		ASSESSED VALUE	TAXABILITY
COMMERCIAL	26,923.500	Php	791,052,000.00	80	Php	632,841,600	T
Total	26,923.500	Php	791,052,000.00		Php	632,841,600	

Total Assessed Value: SIX HUNDRED THIRTY-TWO MILLION EIGHT HUNDRED FORTY-ONE THOUSAND SIX HUNDRED PESOS ONLY
(Amount in Words)

Effectivity of Assessment/Reassessment: 01/01/2020

APPROVED BY:

ENGR. RAUL O RUIZ — Property Appraiser — Date: 12/16/2019

ENGR. ROLLY D. FERNANDEZ, REA — City Assessor

This declaration cancels: TDN/ARP NO.: AD-08293-04995 Owner: MEGAWORLD CORPORATION (LUCKY Previous A.V. Php: 448,000,000

Memoranda: (PHYSICAL CHANGES) ADJUSTMENT IN VALUE DUE TO CORRECTION OF RATE USED FROM V.C.16 TO V.C.3 & V.C.29 AS PER ACTUAL USE (TAX MAPPING OPERATION)

IMPORTANT: Issued for taxation purposes and should not be considered as title to the property

CERTIFIED TRUE COPY

REQUESTED BY: RICKY
MANILA
O.R. NO.: ATTACHED DATE: 7/6/26
AMOUNT PAID: 500.00
PURPOSE: TRANSFER OF PROPERTY

Verified by: Jayvee Encina

Engr. Arnold Sta. Maria
Chief, Machinery Appraisal Division

ENGR. MANUEL D. PEREZ III, REA
LOCAL ASSESSMENT OPERATIONS OFFICER IV

Prepared By: ERNESTO GIL
Date: 7/6/2026 10:33:09AM

ORIGINAL COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005593 **Property Index No.:** 120-02-028-003-001-1007

Owner: **MEGAWORLD CORPORATION/VENICE GRAND CANAL MALL**

Address: MCKINLEY COMMERCIAL CENTRE, PINAGSAMA, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: MCKINLEY COMMERCIAL CENTER, PINAGSAMA, TAGUIG CITY
(Number and Street) *(Barangay/District)* *(City/Province)*

OCT/TCT/CCT/CLOA No.: **Date:** **Survey No.:**
eCAR No.: **Lot No.:**
Blk No.:

PROPERTY APPRAISAL (BUILDING & OTHER STRUCTURE)

DESCRIPTION	FLOOR AREA	TYPE OF STRUCTURE	MARKET VALUE
BUILDING (NON-PEZA)	50,701.14		681,030,387.77

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	681,030,387.77	80%	544,824,310.00	TAXABLE

TOTAL: **544,824,310.00**

Total Assessed Value: **FIVE HUNDRED FORTY FOUR MILLION EIGHT HUNDRED TWENTY FOUR THOUSAND THREE HUNDRED TEN PESOS ONLY**
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: **ENGR. ROBERTO S. VILLALUZ**
OIC - City Assessor

04/29/2026
Date

This declaration cancels TD No.: EB-019-84222

Owner: MEGAWORLD CORPORATION/VENICE GRAND CANAL MALL

Previous A.V. Php 616,304,120.00

Memoranda: SEGREGATION / CHANGE OF BARANGAY ON THE LAND OF GL-006-04335

CERTIFIED TRUE COPY
07/09/24
ENGR. ROBERTO S. VILLALUZ
OIC-CITY ASSESSOR
REAL ESTATE APPRAISER
PRC LICENSE NO. 1427
FROM THE ORIGINAL

Notes: * This declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market value prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panglungsod under Ordinance No. 47 Series Of 2001 dated Dec. 14, 2001. It does not and cannot by itself alone confer any ownership or legal title to the property.

ORIGINAL COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005589 **Property Index No.:** 120-02-028-003-011-1007

Owner: MEGAWORLD CORPORATION

Address: #28/F THE WORLD CENTRE 330 SEN. GIL J. PUYAT AVE., MAKATI CITY

Administrator/Beneficial User:

Address:

Location: SCIENCE HUB TOWER 2 CAMPUS AVENUE,, MCKINLEY HILL VILLAGE, PINAGSAMA, TAGUIG CITY
(Number and Street) *(Barangay/District)* *(City/Province)*

OCT/TCT/CCT/CLOA No.: **Date:** **Survey No.:**
eCAR No.: **Lot No.:**
Blk No.:

PROPERTY APPRAISAL (BUILDING & OTHER STRUCTURE)

DESCRIPTION	FLOOR AREA	TYPE OF STRUCTURE	MARKET VALUE
BUILDING (PEZA)	23,831.44		348,892,281.60
BUILDING (NON PEZA)	13.69		200,421.60

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	200,421.60	80%	160,340.00	TAXABLE
COMMERCIAL	348,892,281.60	80%	279,113,830.00	EXEMPT

TOTAL: 279,274,170.00

Total Assessed Value: TWO HUNDRED SEVENTY NINE MILLION TWO HUNDRED SEVENTY FOUR THOUSAND ONE HUNDRED SEVENTY PESOS ONLY *(Amount in Words)*

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

04/29/2026
Date

CERTIFIED TRUE COPY FROM THE ORIGINAL
07/04/26
ENGR. ROBERTO S. VILLALUZ
OIC-CITY ASSESSOR
REAL ESTATE APPRAISER
PRC LICENSE NO. 1427

This declaration cancels TD No.: EB-028-002091
Owner: MEGAWORLD CORPORATION
Previous A.V. Php 56,856,240.00

Memoranda: SEGREGATION ON THE LAND OF GL-006-06673

THIS BUILDING IS LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.

Notes: * This declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market value prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panglungsod under Ordinance No. 47 Series Of 2001 dated Dec. 14, 2001. It does not and cannot by itself alone confer any ownership or legal title to the property.

ORIGINAL COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005591 **Property Index No.:** 120-02-028-003-001-1005

Owner: **MEGAWORLD CORPORATION**

Address: #28/F THE WORLD CENTRE 330 SEN. GIL J. PUYAT AVE., MAKATI CITY

Administrator/Beneficial User:

Address:

Location: VENICE CORPORATE CENTER, MCKINLEY HILL VILLAGE, PINAGSAMA, TAGUIG CITY
(Number and Street) *(Barangay/District)* *(City/Province)*

OCT/TCT/CCT/CLOA No.: **Date:** **Survey No.:**
eCAR No.: **Lot No.:**
Blk No.:

PROPERTY APPRAISAL (BUILDING & OTHER STRUCTURE)

DESCRIPTION	FLOOR AREA	TYPE OF STRUCTURE	MARKET VALUE
BUILDING (PEZA)	11,866.15		173,720,436.00
BUILDING (NON PEZA)	2,596.74		38,016,273.60

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	38,016,273.60	80%	30,413,020.00	TAXABLE
COMMERCIAL	173,720,436.00	80%	138,976,350.00	EXEMPT

TOTAL: 169,389,370.00

Total Assessed Value: **ONE HUNDRED SIXTY NINE MILLION THREE HUNDRED EIGHTY NINE THOUSAND THREE HUNDRED SEVENTY PESOS ONLY**
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: **ENGR. ROBERTO S. VILLALUZ**
OIC - City Assessor

04/29/2026
Date

CERTIFIED TRUE COPY
07/09/24
ENGR. ROBERTO S. VILLALUZ
OIC-CITY ASSESSOR
REAL ESTATE APPRAISER
PRC LICENSE NO. 1427
FROM THE ORIGINAL

This declaration cancels TD No.: EB-028-002097
Owner: MEGAWORLD CORPORATION
Previous A.V. Php 520,192,470.00

Memoranda: SEGREGATION ON THE LAND OF GL-006-06673

THIS BUILDING IS LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.

Notes: * This declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market value prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panglungsod under Ordinance No. 47 Series Of 2001 dated Dec. 14, 2001. It does not and cannot by itself alone confer any ownership or legal title to the property.

ORIGINAL COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-019-173966 **Property Index No.:** 120-02-019-030-336-1004

Owner: **MEGAWORLD CORPORATION**

Address: #28/F THE WORLD CENTRE 330 SEN. GIL J. PUYAT AVE., MAKATI CITY

Administrator/Beneficial User:

Address:

Location: LOT 2, BLK. 17, SIX WEST CAMPUS, MCKINLEY WEST, FORT BONIFACIO, TAGUIG CITY
(Number and Street) *(Barangay/District)* *(City/Province)*

OCT/TCT/CCT/CLOA No.: **Date:** **Survey No.:**
eCAR No.: **Lot No.:** 2
Blk No.: 17

PROPERTY APPRAISAL (BUILDING & OTHER STRUCTURE)

DESCRIPTION	FLOOR AREA	TYPE OF STRUCTURE	MARKET VALUE
BUILDING (PEZA)	12,186.32		178,407,724.80

CERTIFIED TRUE COPY
07/21/26
EILEEN P. TINIO
OIC - CITY ASSESSOR
REAL ESTATE APPRAISER
PRC LICENSE NO. 00005991
PROFESSIONAL

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	178,407,724.80	80%	142,726,180.00	EXEMPT

TOTAL: **142,726,180.00**

Total Assessed Value: **ONE HUNDRED FORTY TWO MILLION SEVEN HUNDRED TWENTY SIX THOUSAND ONE HUNDRED EIGHTY PESOS ONLY**
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: **ENGR. ROBERTO B. VILLALUZ**
OIC - City Assessor

04/29/2026
Date

This declaration cancels TD No.: EB-019-138641

Owner: MEGAWORLD CORPORATION

Previous A.V. Php 154,619,010.00

Memoranda:

SEGREGATION
ON THE LAND OF GL-019-05103

THIS BUILDING IS LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.

Notes: * This declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market value prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panglungsod under Ordinance No. 47 Series Of 2001 dated Dec. 14, 2001. It does not and cannot by itself alone confer any ownership or legal title to the property.

REPUBLIC OF THE PHILIPPINES
OFFICE OF THE CITY ASSESSOR
Quezon City, Metro Manila

TAX DECLARATION OF REAL PROPERTY
CERTIFIED ELECTRONIC COPY

TD/ARP No.: G-009-08620 0071-2024-09-000094-9216 PROPERTY INDEX: 13-009-006-087-1-001-704

Owner: MEGAWORLD CORPORATION {EASTWOOD MALL}

Address: 28 FLOOR THE WORLD CENTRE 330 SEN GIL PUYAT MAKATI CITY Tel. No.:

Administrator/Beneficial User:

Address: Tel. No.:

Location of Property: EASTWOOD AVE (Number and Street) BAGUMBAYAN (Barangay/District) MURPHY Quezon City (Municipality&Province/City)

OCT/TCT

OCT/CLOA No.: Survey No.: PCS-00-010863

Dated: Lot No.: 1 2 & 3

Boundaries: Block No.: 2

North: South:

East: West:

KIND OF PROPERTY ASSESSED

☐ LAND ☐ MACHINERY

CORNER INNER Brief Description:

☒ BUILDING Others:

No. of Storey: 4 Unit:

Brief Description: SHOPPING BUILDING Storey:

Actual Use	Area	Market Value (php)	Classification	Assessment Level (%)	Assessed Value (php)
COMMERCIAL	36616.05	282,704,140.00	COMMERCIAL	80	226,163,310.00
Total:					226,163,310.00

Total Assessed Value: Two Hundred Twenty Six Million One Hundred Sixty Three Thousand Three Hundred Ten Pesos

Taxable/Exempt: TAXABLE Effectivity 2020 Annual Tax Due 6,784,899.30

ORIGINAL SIGNED

Approved By: ATTY. SHERRY R. GONZALVO 09/05/2024

City Assessor Date

This declaration cancels TD/ARP: G-009-08619 Previous AV: 226,163,310.00 (php)

Owner: MEGAWORLD CORPORATION {EASTWOOD MALL}

Memoranda

9/5/2024 BLDG TYPE FROM I-A 1 TO CONFORM WITH THE APPROVED SCHEDULE OF VALUES / WITH AREA COMPUTATION ATTACHED / DETAIL OF RPT PAYMENTS ATTACHED / SUBJECT TO BACK TAXES, IF WARRANTED

This is to certify that as of this date, this Tax Declaration bears the upgraded fair market value of said property pursuant to section 213 of RA 7160

REVISION

Notes: 07 JUL 2026 v 15.5.1

Chief, ARMD

* This declaration shall serve as notice to the above mention declarant in pursuance of Section 223 of RA 7160, otherwise known as the Local Government Code of 1991 for which the due process provision on real property tax assessment under Section 226 of the said Code may be availed of.

* This declaration is also for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose duly enacted into an Ordinance by the Sangguniang Panlunsod under Ordinance No. SP 357, series 95 dated 12/19/1995. It does not and cannot by itself alone confer any ownership or legal title to the property.

CERTIFICATION CTC20260707-1830124

This is to certify that this is a true electronic copy of the original Tax Declaration on file consisting of 2 page(s).

Date: 07/07/2026 OR Number: 0002919

Time: 12:32 PM OR Date: 07/07/2026

Amount Paid: 300.00

Requested by: M.OREJAS/0703-00088

08650236

By authority of the City Assessor:

MARIA CECILIA M. CASTILLO

Head, Assessment Records Management Division

QCG.OCAs.OCAs.F.10_CTC

CERTIFIED TRUE COPY

Republic of the Philippines
CITY GOVERNMENT OF PASIG
OFFICE OF THE CITY ASSESSOR

TAX DECLARATION OF REAL PROPERTY

Property Update: New

Property Identification No: **119-01-030-14-044-1006**

Tax Dec. No.: **E-030-25616**

Owner: **MEGAWORLD CORPORATION (ONE PASEO)** TIN

Address: ARCOVIA CITY, E. RODRIGUEZ AVE., UGONG, PASIG CITY Tel No.

Administrator/Beneficial User TIN

Address: Tel No.

Location of Property: E RODRIGUEZ JR AVE *(Number & Street)* UGONG *(Barangay/District)* PASIG CITY *(City/Province)*

LAND REFERENCE

CCT No.:

Tax Dec. No. E-030-21755 Survey No.

OCT / TCT / CLOA No.: Lot No. 6

Cadastral Lot No. : Block No.

ON THE LAND OF ARCOVIA PROPERTIES, INC. TD No. E-030-21755

CERTIFIED TRUE MACHINE COPY
July 06, 2026
ELMA D. BACAS
Local Assessment Operation Officer III

Prepared by: Purpose BUSINESS PERMIT
Verified By: Released by:
Requested By: MANUEL BELMORO
O.R. No.: 4440525 OR. Date: 2026-07-06
CTC No.

KIND OF PROPERTY ASSESSED:

- [ ] LAND
- [ ] MACHINERY
- [x] BUILDING
- [ ] OTHERS

No. of Storeys:
Brief Description: *CONC/CONC*

Classification	Area	Actual Use	Market Value	Assessment Level	Assessed Value
OFFICE- 7TH TO 17TH FLR	23,608.30	COMMERCIAL	1,030,178,260.00	80%	824,142,610.00
18TH TO 19TH FLR	3,600.05				
B1M TO B3	9,227.69				
MEZZANINE	646.48				
PARKING & AMENITIES	13,704.45				
ROOF DECK	1,268.46				
		Php	**1,030,178,260.00**	**Php**	**824,142,610.00**

TOTAL ASSESSED VALUE: EIGHT HUNDRED TWENTY FOUR MILLION ONE HUNDRED FORTY TWO THOUSAND SIX HUNDREDTEN PESOS
(Amount in words)

- [x] TAXABLE
- [ ] EXEMPT

Effectivity of Assessment/Reassessment: **1st** *Qtr.* **2024** *Year*

APPROVED BY:

(SGD.) ROBERT D. MINA
City Assessor, REA License No. 0005632

03/01/2024
Date

This declaration cancels TD No. *** NEW **** Previous Assessed Value Php

Owner: UNDECLARED PROPERTY

MEMORANDA:

Printed By: Cherry Rose E. Marquez *Printed Date: 07/06/2026 10:32:43 am*

Note: "This declaration is for real property taxation purposes only and the valuation indicated herein are based on the Schedule of Unit Market Values prepared for the purpose and duly enacted into an Ordinance by the Sangguniang Panlalawigan under ORDINANCE No. 6 Series of 1996 dated February 19, 1996. It does not and cannot by itself alone confer any ownership or legal title to the property."

REPUBLIC OF THE PHILIPPINES
OFFICE OF THE CITY ASSESSOR
Quezon City, Metro Manila

TAX DECLARATION OF REAL PROPERTY
CERTIFIED ELECTRONIC COPY

TD/ARP No.: D-009-28182 0006-2013-09-001177-9128 PROPERTY INDEX: 13-009-006-139-1-001-

Owner: MEGAWORLD CORPORATION

Address: 330 THE WORLD CENTER BLDG SEN GIL PUYAT AVE MAKATI CITY Tel. No.:

Administrator/Beneficial User:

Address: Tel. No.:

Location of Property: E COMMERCE AVE (Number and Street) BAGUMBAYAN (Barangay/District) MURPHY Quezon City (Municipality&Province/City)

OCT/TCT

OCT/CLOA No.: Survey No.: PCS-00-012427

Dated: Lot No.: 1

Boundaries: Block No.:

North: South:

East: West:

KIND OF PROPERTY ASSESSED

☐ LAND ☐ MACHINERY

CORNER INNER Brief Description:

☒ BUILDING Others:

No. of Storey: 21 Unit:

Brief Description: Office Bldg./Banks Storey:

Actual Use	Area	Market Value (php)	Classification	Assessment Level (%)	Assessed Value (php)
COMMERCIAL	36611.84	405,010,850.00	COMMERCIAL	80	324,008,680.00
Total:					324,008,680.00

Total Assessed Value: Three Hundred Twenty Four Million Eight Thousand Six Hundred Eighty Pesos

Taxable/Exempt: EXEMPT Effectivity 2014 Annual Tax Due 0.00

ORIGINAL SIGNED

Approved By: RODOLFO M. ORDANES 09/30/2013

City Assessor Date

This declaration cancels TD/ARP: D-009-20153 Previous AV: 324,008,680.00 (php)

Owner: MEGAWORLD CORPORATION

Memoranda

9/26/2013 AMENDMENT OF PIN FROM 13-009-006-028-1-001 DUE TO LOT CONSOLIDATION/SEGREGATION / EXEMPT PURSUANT TO SECTION 24 OF RA 7916 OTHERWISE KNOWN AS SPECIAL ECONOMIC ZONE ACT OF 1995

Notes: v 15.5.1

* This declaration shall serve as notice to the above mention declarant in pursuance of Section 223 of RA 7160, otherwise known as the Local Government Code of 1991 for which the due process provision on real property tax assessment under Section 226 of the said Code may be availed of.

* This declaration is also for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose duly enacted into an Ordinance by the Sangguniang Panlunsod under Ordinance No. SP 357, series 95 dated 12/19/1995. It does not and cannot by itself alone confer any ownership or legal title to the property.

CERTIFICATION CTC20260713-2280187

This is to certify that this is a true electronic copy of the original Tax Declaration on file consisting of 1 page(s).

Date: 07/13/2026 OR Number: M-2026-000
Time: 03:02 PM OR Date: 07/13/2026
Amount Paid: 300
Requested by: OREJAS/A-20260708-00034

08652144

By authority of the City Assessor:

MARIA CECILIA M. CASTILLO
Head, Assessment Records Management Division

CERTIFIED TRUE COPY

Republic of the Philippines

OFFICE OF THE CITY ASSESSOR

Pasay City, Metro Manila

Original Copy

DECLARATION OF REAL PROPERTY

Transaction Code : **PC**

ARP / TD No. **C7-183-27605**	Date Registered **03/03/2026**	PIN **123-07-183-07-242-1001-L10-001**
Owner **TRAVELLERS INTERNATIONAL HOTEL GROUP INC. (LE MAISON BUSS. LOUNGE INC.)**	TIN Tel No.	Location of Property **NEWPORT CITY, VILLAMOR AIRBASE**
		OCT/TCT No. Dated Survey No. Ass. Block No.
Mailing Address: **10/F NECC, NEWPORT CITY, PASAY CITY**		Lot No.
Administrator/Beneficial User	TIN Tel No.	Bounderies North East South West
Mailing Address		

☐ **LAND**

Classification	Area	Unit Value	Adjustment	MARKET VALUE

☐ **MACHINERY**

Description	Date of Operation	Replacement Cost	Depreciation	MARKET VALUE

☒ **BUILDING**

Description	Floor Area	Construction Materials 1st Floor	2nd Floor	3rd Floor	Roof	MARKET VALUE
ADDITIONAL IMPROVEMENT	**773.50** **(773.50)**	**CONC**			**CONC**	**2,500,000.00**

On the LAND of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**

Survey No. **LOT 3 PCS-00-017194**

ARP No. **C7-183-27514**

KIND OF PROPERTY	ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE
BUILDING	**Commercial**	**2,500,000.00**	**80 %**	**1,750,000.00**
TOTAL ASSESSED VALUE **One million Seven hundred Fifty thousand Pesos**			**TOTAL**	**1,750,000.00**

☐ **TAXABLE** ☒ **EXEMPT**

Effectivity of Assessment/ Reassessment **01** Qtr **2027** Year

BUWIS SA RENTAS INTERNAS DSK2025 1323547 1 DOKUMENTARYO 30 PISO

CERTIFIED TRUE COPY

Issued upon the request of:
ATTY. PAUL ANGELO TOMBOC
Asst. Director for Tax & Legal Compliance
Purpose: **BUSINESS PURPOSES**

CAO Control No. 26-10959-60
O.R. No. **9506867**
Date: 08/11/2026

Issued by:
Genalyn C. Dela Cruz
Administrative Officer V
08/11/2026

Approved by:
(SGD) Engr. Fernando M. Fandiño
City Assessor

03/03/2026
Date

This declaration cancels TD / ARP No : **C7-183-26632** Previous Assessed Value: **1,750,000.00**

Previous Owner : **TRAVELLERS INTERNATIONAL HOTEL GROUP INC. (LE MAISON BUSS. LOUNGE INC.)**

Memoranda : **CORRECTION AS TO PIN & LOT NO.**

Note: This tax declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose and duly enacted into Ordinance by the Sangguniang Panlungsod ng Pasay under the Ordinance No. SP 5754 Series of 2016. It does not and cannot by itself alone confer any ownership or legal title to the property. This also serves as your Notice of Assessment required under Section 223 of Republic Act 7160.

Important : Issued for taxation purposes and should not be considered as title to the property.

Machine Validation: Printed by : Victoria A. Raymundo / 10:21:53 AM 08/11/2026

Republic of the Philippines

OFFICE OF THE CITY ASSESSOR

Pasay City, Metro Manila

Original Copy

DECLARATION OF REAL PROPERTY

Transaction Code : **PC**

ARP / TD No. **C7-183-27604**	Date Registered **03/03/2026**	PIN **123-07-183-07-242-1001-L01-002**
Owner **TRAVELLERS INTERNATIONAL HOTEL GROUP INC. (EL JARDIN ULTRA LOUNGE INC.)**	TIN Tel No.	Location of Property **NEWPORT CITY, VILLAMOR AIRBASE**
		OCT/TCT No. Dated Survey No. Ass. Block No.
Mailing Address: **G/F REMINGTON HOTEL NEWPORT CITY VILLAMOR AIRBASE PASAY CITY**		Lot No.
Administrator/Beneficial User	TIN Tel No.	Bounderies North East South West
Mailing Address		

☐ **LAND**

Classification	Area	Unit Value	Adjustment	MARKET VALUE

☒ **BUILDING**

Description	Floor Area	Construction Materials 1st Floor	2nd Floor	3rd Floor	Roof	MARKET VALUE
ADDITIONAL IMPROVEMENT	430.00 (430.00)	CONC			CONC	4,520,040.00

On the LAND of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**

Survey No. **LOT 3 PCS-00-017194**

ARP No. **C7-183-27514**

☐ **MACHINERY**

Description	Date of Operation	Replacement Cost	Depreciation	MARKET VALUE

KIND OF PROPERTY	ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE
BUILDING	Commercial	4,520,040.00	70 %	3,164,030.00
TOTAL ASSESSED VALUE **Three million One hundred Sixty-Four thousand Thirty Pesos**			TOTAL	3,164,030.00

BUWIS SA RENTAS INTERNAS DSK2025 13235461 DOKUMENTARYO 30 PISO

☒ **TAXABLE** ☐ **EXEMPT**

Effectivity of Assessment/ Reassessment: 01 Qtr 2027 Year

CERTIFIED TRUE COPY

Issued upon the request of:
ATTY. PAUL ANGELO TOMBOC
Asst. Director for Tax & Legal Compliance
Purpose: **BUSINESS PURPOSES**

CAO Control No. 26-10959-60
O.R. No. **9506867**
Date: 08/11/2026

Issued by:
Genalyn C. Dela Cruz
Administrative Officer V
08/11/2026

Approved by:
(SGD) Engr. Fernando M. Fandiño
City Assessor

03/03/2026
Date

This declaration cancels TD / ARP No : **C7-183-15641** Previous Assessed Value: **3,164,030.00**

Previous Owner : **TRAVELLERS INTERNATIONAL HOTEL GROUP INC. (EL JARDIN ULTRA LOUNGE INC.)**

Memoranda : **CORRECTION AS TO PIN & LOT NO.**

Note: This tax declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose and duly enacted into Ordinance by the Sangguniang Panlungsod ng Pasay under the Ordinance No. SP 5754 Series of 2016. It does not and cannot by itself alone confer any ownership or legal title to the property. This also serves as your Notice of Assessment required under Section 223 of Republic Act 7160.

Important : Issued for taxation purposes and should not be considered as title to the property.

Machine Validation: Printed by : Victoria A. Raymundo / 10:21:62 AM 08/11/2026

Republic of the Philippines

OFFICE OF THE CITY ASSESSOR

Pasay City, Metro Manila

Original Copy

DECLARATION OF REAL PROPERTY

Transaction Code : **PC**

ARP / TD No. **C7-183-27601**	Date Registered **03/03/2026**	PIN **123-07-183-07-242-1001**
Owner **TRAVELLER'S INTERNATIONAL HOTEL GROUP INC.**	TIN Tel No.	Location of Property **NEWPORT CITY** OCT/TCT No. Dated Survey No. Ass. Block No.
Mailing Address: **G/F PASEO CENTER 8757 PASEO DE ROXAS MAKATI CITY**		Lot No.
Administrator/Beneficial User	TIN Tel No.	Bounderies North East South West
Mailing Address		

☐ **LAND**

Classification	Area	Unit Value	Adjustment	MARKET VALUE

☒ **BUILDING**

Description	Floor Area	Construction Materials 1st Floor	2nd Floor	3rd Floor	Roof	MARKET VALUE
HOTEL **REMINGTON**	2,934.10 (48,173.12)	CONC	CONC	CONC9/F	CONC	701,624,810.00

On the LAND of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**

Survey No. **LOT 3 PCS-00-017194**

ARP No. **C7-183-27514**

☐ **MACHINERY**

Description	Date of Operation	Replacement Cost	Depreciation	MARKET VALUE

KIND OF PROPERTY	ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE
BUILDING	**Commercial**	**701,624,810.00**	**80 %**	**561,299,850.00**
TOTAL ASSESSED VALUE: **Five hundred Sixty-One million Two hundred Ninety-Nine thousand Eight hundred Fifty Pesos**			**TOTAL**	**561,299,850.00**

BUWIS SA RENTAS INTERNAS DSK2025 13242697 30 PISO DOKUMENTARYO 30 PISO REPUBLIKA NG PILIPINAS

☐ **TAXABLE** ☒ **EXEMPT**

Effectivity of Assessment/ Reassessment: **01** Qtr **2027** Year

CERTIFIED TRUE COPY

Issued upon the request of:
ATTY. PAUL ANGELO TOMBOC
Asst.Director for Tax & Legal Compliance
Purpose: **REFERENCE**

CAO Control No. 26-09979-80
O.R. No. **9499305**
Date: 07-16-26

Issued by:
Aladdin Laureano M. Galgao
Assistant City Assessor
07/16/2026

Approved by:
(SGD) Engr. Fernando M. Fandiño
City Assessor

03/03/2026
Date

This declaration cancels TD / ARP No : **C7-183-23829** Previous Assessed Value: **561,299,850.00**
Previous Owner : **TRAVELLER'S INTERNATIONAL HOTEL GROUP INC.**
Memoranda : **CONC UP TO 9TH FLR. W/ RD CORRECTION AS TO PIN & LOT NO.**

Note: This tax declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose and duly enacted into Ordinance by the Sangguniang Panlungsod ng Pasay under the **Ordinance No. SP 5754 Series of 2016.** It does not and cannot by itself alone confer any ownership or legal title to the property. This also serves as your **Notice of Assessment** required under Section 223 of Republic Act 7160.

Important : Issued for **taxation purposes** and should not be considered as title to the property.

Machine Validation: Printed by : Victoria A. Raymundo / 5:13:57 PM 07/16/2026

Republic of the Philippines

OFFICE OF THE CITY ASSESSOR

Pasay City, Metro Manila

Original Copy

DECLARATION OF REAL PROPERTY

Transaction Code : **PC**

ARP / TD No. **C7-183-27591**	Date Registered **03/03/2026**	PIN **123-07-183-07-237-1001**
Owner **TRAVELLER'S INTERNATIONAL HOTEL GROUP, INC.**	TIN Tel No.	Location of Property **ANDREWS AVE. (VAB)** OCT/TCT No. Dated Survey No. Ass. Block No.
Mailing Address: **G/F PASEO CENTER 8757 PASEO DE ROXAS MAKATI CITY**		Lot No.
Administrator/Beneficial User	TIN Tel No.	Bounderies North East South West
Mailing Address		

☐ **LAND**

Classification	Area	Unit Value	Adjustment	MARKET VALUE

☐ **MACHINERY**

Description	Date of Operation	Replacement Cost	Depreciation	MARKET VALUE

☒ **BUILDING**

Description	Floor Area	Construction Materials 1st Floor	2nd Floor	3rd Floor	Roof	MARKET VALUE
OFFICE BUILDING **STAR CRUISES CENTER**	**2,560.00** **(23,040.00)**	**RC**	**CONC**	**CONC8/F**	**CONC**	**262,553,600.00**

On the LAND of **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**

Survey No. **LOT 1, PCS-00-017194**

ARP No. **C7-183-27509**

KIND OF PROPERTY	ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE
BUILDING	**Commercial**	**262,553,600.00**	**80 %**	**210,042,880.00**
TOTAL ASSESSED VALUE: **Two hundred Ten million Forty-Two thousand Eight hundred Eighty Pesos**			**TOTAL**	**210,042,880.00**

☒ **TAXABLE** ☐ **EXEMPT**

Effectivity of Assessment/ Reassessment **01** Qtr **2027** Year

BUWIS RENTAS INTERNAS DSK2025 13242698 30 PISO DOKUMENTARYO 30 PISO REPUBLIKANG PILIPINAS

CERTIFIED TRUE COPY

Issued upon the request of:
ATTY. PAUL ANGELO TOMBOC
Asst.Director for Tax & Legal Compliance
Purpose: **REFERENCE**

CAO Control No. 26-09979-80
O.R. No. **9499305**
Date: 07-16-26

Issued by:
Aladdin Laureano M. Galgao
Assistant City Assessor
07/16/2026

Approved by:
(SGD) Engr. Fernando M. Fandiño
City Assessor

03/03/2026
Date

This declaration cancels TD / ARP No : **C7-183-15526** Previous Assessed Value: **210,042,880.00**

Previous Owner : **TRAVELLER'S INTERNATIONAL HOTEL INC. GROUP**

Memoranda : **CONC UP TO 8TH FLR. WITH ROOFDECK CORRECTION AS TO LOT & PIN NUMBER**

Note: This tax declaration is for real property taxation purposes only and the valuation indicated herein are based on the schedule of unit market values prepared for the purpose and duly enacted into Ordinance by the Sangguniang Panlungsod ng Pasay under the **Ordinance No. SP 5754 Series of 2016.** It does not and cannot by itself alone confer any ownership or legal title to the property. This also serves as your **Notice of Assessment** required under Section 223 of Republic Act 7160.

Important : Issued for **taxation purposes** and should not be considered as title to the property.

Machine Validation: Printed by : Victoria A. Raymundo / 5:13:57 PM 07/16/2026

CAO-001-Ø

TAX DECLARATION OF REAL PROPERTY

TD/ARP No. AD-000008-07751 Property Identification No. 243-00-0008-042-073-1001

Owner SOUTHWOODS MALL INC, . TIN
Address ALLIANCE GLOBAL LIPTOWN BONIFACIO,, ., TAGUIG CITY, . Tel. No.
Admin./Beneficial User TIN
Address , Tel. No.

Location of Property: SOUTHWOODS ECOCENTRUM TOURISM ESTATE, HALANG (SAN FRANCISCO), BIÑAN, LAGUNA
OCT/TCT/CLOA No. Survey No. .
CCT No. Lot No. 1
Dated Blk No. 13

Boundaries:
North: RL1 South: RL1
East: L2 B13 West: RL3

KIND OF PROPERTY ASSESSED

○ LAND
● BUILDING
No. of Storeys: 3
Brief Description:
○ MACHINERY
Brief Description:
○ OTHERS
Specify:

Classification	Area	Market Value	Actual Use	Assessment Level(%)	Assessed Value
COMMERCIAL	66249.15	967,913,003.95000005	COMMERCIAL	80%	774,330,403.15999997
	Total Php	967,913,003.95			774,330,400.00

Total Assessed Value: Seven Hundred Seventy Four Million Three Hundred Thirty Thousand Four Hundred Pesos Only
(Amount in Words)

☒ Taxable ☐ Exempt

Effectivity of Assessment/Reassessment: 1st Qtr. 2023 Yr.

Approved by: RACHEL ANGELICA T.MAGCALAS,REA
CITY ASSESSOR I
12/22/2022
Date

This declaration cancels TD/ARP No. AC-000008-18349 Owner NEW
Previous A.V. Php 774330400.00

Memoranda: GENERAL REVISION 2023

Notes: This declaration is also for real property taxation purposes only and the valuation indicated herein are based on the Schedule of Unit Market Values prepared for the purpose and duly enacted into an Ordinance by the City council under City Ordinance No.13-(2022) excerpt from the Regular Session/city Resolution dated Nov. 14, 2022.

Printed By: JOLYN E. DURANA
Date & Time Printed : 28 July 2026 11:16:44

CERTIFIED TRUE COPY
RACHEL ANGELICA T. MAGCALAS, REA
CITY ASSESSOR I
FEE
O.R. NO.
DATE: