19 December 2025

SECURITIES AND EXCHANGE COMMISSION
17/F SEC Headquarters,
7907 Makati Avenue Barangay Bel-Air,
Makati City

Attention: Director Oliver O. Leonardo
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
6th Floor, PSE Tower,
28th Street corner 5th Avenue,
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
Head, Disclosure Department

PHILIPPINE DEALING AND EXCHANGE CORPORATION
29th Floor, BDO Equitable Tower 8751
Paseo de Roxas, Makati City

Attention: Atty. Marie Rose M. Magallen-Lirio
Head, Issuer Compliance and Disclosures Department

Subject: Amended Comprehensive Corporate Disclosure on Issuance of Shares

Gentlemen:

In compliance with Article V, Part A, Section 6 of the Consolidated Listing and Disclosure Rules of the Philippine Stock Exchange, we hereby submit the Amended Comprehensive Corporate Disclosure on the property-for-share swap between MREIT, Inc. (the Company) and Megaworld Corporation, as approved by the Company's Board of Directors in its meeting dated 17 December 2025.

The transaction involves the amended subscription by Megaworld to 996,865,672 common shares in MREIT for a total subscription price of Php16,217,100,000.00. The amended subscription price shall be payable as follows: (a) The amount of Php187,500,000.00 shall be paid by in cash, full receipt of which is acknowledged by MREIT; and, (b) the balance of the Total Subscription Price amounting to Php16,029,600,000.00 shall be paid by way of a tax-free exchange of nine (9) grade A asset buildings located in PEZA-registered zone namely: Science Hub Tower 1, Science Hub Tower 3, Science Hub Tower 4, One Campus Place Bldg. A, One Campus Place Bldg. B, 8 Campus Place A (Wells Fargo), 8 Campus Place B (Wells Fargo), 8 Campus Place C (Wells Fargo), and SEAC (Wells Fargo), all located in McKinley Hill, Barangay Pinagsama, Taguig City. Please see the attached information for your reference.

Thank you.

Very truly yours,

ATTY. VINCE ZYRENCE T. BARLONGAY
In-house 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 17 October 2025, MREIT, Inc. (the "Company" or "MREIT") and Megaworld Corporation ("Megaworld") executed a Memorandum of Understanding where the Parties agree to pursue a share swap arrangement over certain income-generating real estate of Megaworld that meet the investment criteria of MREIT. 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 and/or cash, Megaworld shall subscribe to primary common shares of MREIT at an average adjusted price per share equivalent to not less than PhP14.39/share. The share price shall carry a premium to Volume Weighted Average Price (VWAP) of MREIT Shares for the period of thirty (30) Trading Days prior to the transaction.

In order to provide sufficient unissued MREIT shares for issuance to Megaworld, the authorized capital stock of MREIT was increased from Five Billion Pesos (Php5,000,000,000.00) in lawful money of the Philippines, divided into FIVE BILLION (5,000,000,000) common voting shares with par value of ONE PESO (Php1.00) per share to Eight Billion Pesos (Php8,000,000,000.00) in lawful money of the Philippines, divided into EIGHT BILLION (8,000,000,000) common voting shares with par value of ONE PESO (Php1.00) per share. Out of the increase of Three Billion Pesos (Php3,000,000,000.00), and as and by way of compliance with statutory requirements, Megaworld initially subscribed to twenty five percent (25%) equivalent to the amount of Seven Hundred Fifty Million Pesos (Php750,000,000.00) divided into Seven Hundred Fifty Million common shares at par value of One Peso (Php1.00) per share, and paid, in cash, the amount of One Hundred Eighty-Seven Million Five Hundred Thousand Pesos (Php187,500,000.00), representing the statutory payment of twenty five percent (25%) of the twenty five percent (25%) subscription. The proposed share swap arrangement and subscription was approved by the Company stockholders at the Company's annual stockholders' meeting held on 29 September 2025

On 17 December 2025, the Company and Megaworld finally executed a Deed of Exchange (the "Deed of Exchange" or the "Transaction") where the Parties agreed to the amended subscription by Megaworld to Nine Hundred Ninety-Six Million Eight Hundred Sixty-Five Thousand Six Hundred Seventy-Two (996,865,672) common shares in MREIT for a total subscription price of Philippine Pesos: Sixteen Billion Two Hundred Seventeen Million One Hundred Thousand (Php16,217,100,000.00) broken down into: (i) Paid-Up Capital (at par) of Nine Hundred Ninety-Six Million Eight Hundred Sixty-Five Thousand Six Hundred Seventy-Two Pesos (Php996,865,672.00); and, (ii) Additional Paid In Capital (APIC) of Philippine Pesos: Fifteen Billion Two Hundred Twenty Million Two Hundred Thirty-Four Thousand Three Hundred Twenty-Eight (Php15,220,234,328.00). The amended subscription price translates to an effective price per share of Sixteen and 27/100 Pesos (Php16.27), representing a fifteen percent (15%) premium over the Volume-Weighted Average Price (VWAP) of Fourteen and 15/100 Pesos (Php14.15) per share over a period of thirty (30) trading days. The amended subscription price shall be payable as follows: (a) The amount of One Hundred Eighty Seven Million Five Hundred Thousand Pesos (Php187,500,000.00**)** shall be paid by in cash, full receipt of which is acknowledged by MREIT; and, (b) the balance of the Total Subscription Price amounting to Sixteen Billion Twenty Nine Million Six Hundred Thousand Pesos (Php16,029,600,000.00) shall be paid by way of a tax-free exchange of nine (9) grade A asset buildings located in PEZA-registered zone namely: Science Hub Tower 1, Science Hub Tower 3, Science Hub Tower 4, One Campus Place Bldg. A, One Campus Place Bldg. B, 8 Campus Place A (Wells Fargo), 8 Campus Place B (Wells Fargo), 8 Campus Place C (Wells Fargo), and SEAC (Wells Fargo), all located in McKinley Hill, Barangay Pinagsama, Taguig City (the "Properties"). A copy of the Deed of Exchange is attached hereto as **Annex A**.

The Transaction shall be completed and the shares shall be issued upon the confirmation of the valuation of the Properties by the Securities and Exchange Commission.

The Transaction shall be pursued as a tax-free exchange under Sec. 40(c)(2) of the National Internal Revenue Code, as amended.

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 will represent the fourth wave of asset infusion in accordance with the investment commitment, geared towards the vision of making the Company the largest office REIT in Southeast Asia.

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 Philippine Pesos: Sixteen Billion Two Hundred Seventeen Million One Hundred Thousand (Php16,217,100,000.00) broken down into: (i) Paid-Up Capital (at par) of Nine Hundred Ninety-Six Million Eight Hundred Sixty-Five Thousand Six Hundred Seventy-Two Pesos (Php996,865,672.00); and, (ii) Additional Paid In Capital (APIC) of Philippine Pesos: Fifteen Billion Two Hundred Twenty Million Two Hundred Thirty-Four Thousand Three Hundred Twenty-Eight (Php15,220,234,328.00).

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

The Properties were valued by Cuervo Appraisers, Inc. and 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 by FTI Consulting Philippines, Inc. using the DCF Method as the primary method, with the Market Approach as cross-check. Please refer to **Annex B** for the Fairness Opinion and Valuation Reports.

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 executed the Deed of Exchange on 17 December 2025. It 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 first quarter of 2026. The SEC's approval of the Transaction is expected to be issued within the first or second quarter of 2026, and the BIR's CAR issuance is expected to be issued within the first or second quarter of 2026. The Company shall likewise apply for the additional listing of shares within the second or third quarter of 2026.

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 communities or townships that seamlessly integrate residential, commercial and office developments, with leisure, entertainment, and educational facilities. Megaworld's operations are structured into three primary business segments: real estate sales, which involve the development and sale of residential properties, including condominium units, residential and commercial lots; leasing properties, which focus on renting out office spaces, primarily catering to Business Process Outsourcing (BPO) enterprises, as well as leasing retail spaces within its townships; and hotel operations, which involve the management of a growing portfolio of homegrown hotel brands that offer hospitality services, including MICE (Meetings, Incentives, Conventions, and Exhibitions) venues, across key tourism and high-growth business destinations in the Philippines.	Megaworld is the Sponsor of the Company and, as of date hereof, directly and indirectly owns 56.63% of the Company shares.

Additional Information on Megaworld Corporation

1. Articles of Incorporation

Megaworld Corporation ("Megaworld") 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 Articles of Incorporation of Megaworld is attached hereto as **Annex C**. The primary purpose of Megaworld, as stated in its Amended Articles of Incorporation dated 29 July 2024, 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, residential and commercial lots, office buildings, retail space, and hotels.

3. Capital and Organizational Structure

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

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 2022, 2023, and 2024 are attached as **Annex F-series**.

5. List of Subsidiaries and Affiliates

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

6. Board of Directors and Officers

Directors
a. Andrew L. Tan - Chairman of the Board
b. Lourdes T. Gutierrez-Alfonso – President and Chief Executive Officer
c. Kevin Andrew L. Tan – Executive Director
d. Enrique Santos L. Sy - Director
e. Cresencio P. Aquino – Lead Independent Director
f. Alejo L. Villanueva, Jr. – Independent Director
g. Ma. Milagros C. Yuhico - Independent Director

Officers
a. Lourdes T. Gutierrez-Alfonso - President and Chief Executive Officer
b. Kevin Andrew L. Tan - Executive Director

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

VII. Organizational/Ownership Structure of Subscribers (as of 30 September 2025)

Controlling Shareholders of Subscribers	**Number of Shares Held**	**%**
Alliance Global Group, Inc.	17,552,276,059 – Common 6,000,000,000 - Preferred	61%
New Town Land Partners, Inc.	5,668,530,324 - Common	15%

VIII. 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 Megaworld, the directors of the parties do not have interest in the proposed Transaction.

IX. 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 Three Hundred Sixty Million (1,360,000,000) primary common shares, in exchange for cash and/or properties was approved by the Company's stockholders during the Annual Stockholders' Meeting of the Company held on 29 September 2025.

The Transaction price for the Nine Hundred Ninety-Six Million Eight Hundred Sixty-Five Thousand Six Hundred Seventy-Two (996,865,672) common shares subscribed was set at a 15% premium over the thirty (30)-day volume weighted average price of Php14.15 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.

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 DEC 17 2025 in PASAY CITY, Philippines, by and between:

MEGAWORLD CORPORATION, a corporation organized and existing under Philippine law with address at 30th 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, Lourdes T. Gutierrez-Alfonso, herein referred to as "**Megaworld**";

- 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**";

(Megaworld and MREIT are hereinafter each a "**Party**" and collectively referred to as "**Parties**".)

WITNESSETH: That –

WHEREAS, Megaworld is the absolute and registered owner of certain real properties, more particularly described as follows:

	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	Science Hub Tower 1	EB-028-005362	120-02-028-003-011-1005	Ten (10)-Storey Office Building	24,253.64	21,565.38	415,923,863	2,678,532,000
2	Science Hub Tower 3	EB-028-005364	120-02-028-003-010-1003	Ten (10)-Storey Office Building	23,287.28	20,516.88	395,701,814	2,558,281,000
3	Science Hub Tower 4	EB-028-005366	120-02-028-003-010-1005	Ten (10)-Storey Office Building	23,428.41	20,690.76	399,055,762	2,414,826,000
4	8 Campus Place A (Wells Fargo)	EB-028-005356	120-02-028-003-007-1004	Five (5)-Storey Office Building	12,557.52	9,862.00	985,705,806	940,326,000

5	8 Campus Place B (Wells Fargo)	EB-028-005358	120-02-028-003-007-1006	Five (5)-Storey Office Building	11,720.12	9,332.00	445,819,747	897,542,000
6	8 Campus Place C (Wells Fargo)	EB-028-005360	120-02-028-003-007-1008	Five (5)-Storey Office Building	12,433.74	9,991.00	446,806,624	946,482,000
7	One Campus Place Bldg A	EB-028-005352	120-02-028-003-003-1003	Six (6)-Storey Office Building	13,445.00	12,120.47	385,849,091	1,122,999,000
8	One Campus Place Bldg B	EB-028-005354	120-02-028-003-003-1005	Six (6)-Storey Office Building	13,445.00	11,304.90	358,366,883	1,430,226,000
9	SEAC (Wells Fargo)	EB-028-005372	120-02-028-003-006-1002	Twelve (12)-Storey Office Building	58,840.00	50,093.91	1,762,518,577	4,747,604,000
TOTAL							**5,595,748,167**	**17,736,818,000**

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 3,721,983,381 issued and outstanding common shares.

WHEREAS, pursuant to the Memorandum of Agreement and the Amended Subscription Contract simultaneously executed with this Deed, Megaworld intends to subscribe to Nine Hundred Ninety-Six Million Eight Hundred Sixty-Five Thousand Six Hundred Seventy-Two (996,865,672) common shares (the "MREIT Shares") of the authorized capital stock of the Company consisting of Eight Billion (8,000,000,000) common shares with par value of One Peso (PhP1.00) per share, or a total of Nine Hundred Ninety-Six Million Eight Hundred Sixty-Five Thousand Six Hundred Seventy-Two Pesos (Php996,865,672.00), and Additional Paid In Capital (APIC) of Fifteen Billion Two Hundred Twenty Million Two Hundred Thirty-Four Thousand Three Hundred Twenty-Eight Pesos (Php15,220,234,328.00), or a total subscription price of Sixteen Billion Two Hundred Seventeen Million One Hundred Thousand Pesos (Php16,217,100,000.00) (the "Subscription Price"), or an effective price per share of Sixteen and 27/100 Pesos (Php16.27), representing a fifteen percent (15%) premium over the Volume-Weighted Average Price (VWAP) of Fourteen and 15/100 Pesos (Php14.15) per share over a period of thirty (30) trading days, payable as follows: (a) The amount of One Hundred Eighty Seven Million Five Hundred Thousand Pesos (Php187,500,000.00) shall be paid by the Megaworld to the MREIT in cash, full receipt of which is hereby acknowledged by MREIT; and, (b) The balance of the Total Subscription Price amounting to Sixteen Billion Twenty Nine

Million Six Hundred Thousand Pesos (Php16,029,600,000.00) shall be paid by way of a tax-free exchange of the Properties by Megaworld to MREIT;

WHEREAS, in addition to the cash payment of One Hundred Eighty Seven Million Five Hundred Thousand Pesos (Php187,500,000.00) by Megaworld to MREIT, full receipt of which is hereby acknowledged by MREIT, Megaworld intends to transfer to MREIT its rights, title and interests in the Properties, subject to the provisions of this Deed, in payment for its 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. Megaworld hereby transfers, assigns and conveys absolutely in favor of MREIT, its rights, title and interests in the Properties, to the extent specified below, free from all liens and encumbrances.

	Location	**Percentage of Interest to be Transferred**	**Consideration, Net (in Php)**
1	Science Hub Tower 1	100%	Php2,094,600,000.00
2	Science Hub Tower 3	100%	Php2,024,500,000.00
3	Science Hub Tower 4	100%	Php2,069,100,000.00
4	Campus Place A (Wells Fargo)	100%	Php986,000,000.00
5	Campus Place B (Wells Fargo)	100%	Php923,900,000.00
6	Campus Place C (Wells Fargo)	100%	Php999,100,000.00
7	One Campus Place Bldg A	100%	Php909,600,000.00
8	One Campus Place Bldg B	100%	Php1,063,500,000.00
9	SEAC (Wells Fargo)	100%	Php4,959,300,000.00
	TOTAL		**Php16,029,600,000.00**

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 and Megaworld's initial subscription payment of Php187,500,000.00 in cash to MREIT, MREIT hereby agrees to issue to Megaworld the MREIT Shares.

2. As a result of the issuance of the MREIT Shares to Megaworld, Megaworld shall gain further control of MREIT by owning sixty-five and seventy-nine hundredths percent (65.79%) of the total issued and outstanding capital stock of MREIT. The capital structure of MREIT as a result of the said exchange will be as follows:

Shareholder	Nationality	Subscribed Shares	Amount of Subscription	Amount Paid-In	Percentage of Ownership
Megaworld Corporation[1]	Filipino	3,104,577,653	Php3,104,577,653.00	Php3,104,577,653.00	65.79%
PCD Nominee Corp. (Filipino)[2]	Filipino	1,584,025,888	1,584,025,888.00	1,584,025,888.00	33.57%
PCD Nominee Corp. (Non-Filipino)	Non-Filipino	26,924,212	26,924,212.00	26,924,212.00	0.57%
AIM Scientific Research Foundation, Inc.	Filipino	1,250,000	1,250,000.00	1,250,000.00	0.03%
Pryce Gases, Inc.	Filipino	1,035,900	1,035,900.00	1,035,900.00	0.02%
Pryce Corporation	Filipino	851,400	851,400.00	851,400.00	0.02%
James Esteves Takano	Filipino	124,000	124,000.00	124,000.00	0.00%
Dhawal Vasant Kamath	Indian	31,700	31,700.00	31,700.00	0.00%
Myra P. Villanueva	Filipino	10,000	10,000.00	10,000.00	0.00%
Milagros P. Villanueva	Filipino	4,000	4,000.00	4,000.00	0.00%
Myrna P. Villanueva	Filipino	4,000	4,000.00	4,000.00	0.00%
Juan Carlos V. Cabreza	Filipino	1,000	1,000.00	1,000.00	0.00%
Marietta V. Cabreza	Filipino	1,000	1,000.00	1,000.00	0.00%
Francisco Castaneda Canuto	Filipino	1,000	1,000.00	1,000.00	0.00%

[1] Includes 29,917,100 scripless shares
[2] Includes indirect shares of Mr. Kevin Andrew L. Tan and Mr. Jose Arnulfo C. Batac.

Lourdes T. Gutierrez-Alfonso	Filipino	1,000	1,000.00	1,000.00	0.00%
Kevin Andrew Lim Tan	Filipino	1,000	1,000.00	1,000.00	0.00%
Jose Arnulfo C. Batac	Filipino	1,000	1,000.00	1,000.00	0.00%
Katherine L. Tan	Filipino	1,000	1,000.00	1,000.00	0.00%
Antonio E. Llantada, Jr.	Filipino	1,000	1,000.00	1,000.00	0.00%
Sergio R. Ortiz-Luis, Jr.	Filipino	1,000	1,000.00	1,000.00	0.00%
Jesus B. Varela	Filipino	1,000	1,000.00	1,000.00	0.00%
Jennifer T. Ramos	Filipino	200	200.00	200.00	0.00%
Francis J. Ricamora	Filipino	100	100.00	100.00	0.00%
TOTAL		**4,718,849,053**	**Php4,718,840,753.00**	**Php4,718,840,753.00**	**100.00%**

3. The Parties shall obtain from the Securities and Exchange Commission a confirmation of valuation of the Properties transferred by Megaworld to MREIT in exchange for the MREIT Shares.

4. Megaworld covenants that after the signing of this Deed, Megaworld 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.

5. The Parties shall obtain from the Bureau of Internal Revenue Certificates Authorizing Registration (CARs) confirming that the transfer of the Properties from Megaworld to MREIT, as and by way of payment of the subscription price for the MREIT Shares subscribed by Megaworld, and the issuance of the MREIT Shares to Megaworld 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.

(Signature page follows.)

IN WITNESS WHEREOF, the Parties have hereunto signed on the date and at the place first above written.

MEGAWORLD CORPORATION	**MREIT, INC.**
By:	By:
LOURDES T. GUTIERREZ-ALFONSO	**JOSE ARNULFO C. BATAC**
President & Chief Executive Officer	*President & Chief Executive Officer*

Signed in the presence of:

_____ _____

(Acknowledgment page follows.)

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in PASAY CITY this DEC 17 2025 personally appeared the following parties:

Name	ID No.	Expiry / Place of Issue
MEGAWORLD CORPORATION By: Lourdes T. Gutierrez-Alfonso	Philippine Passport No. P5005287B	Expiring on 1 March 2030 / DFA NCR East
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 seven (7) 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. 70;
Page No. 15;
Book No. VI;
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

JUNNA LYNNE R. PANTINO Notary Public ROLL NO. 86875 PASAY CITY, PHILIPPINES

"DOCUMENTARY STAMP TAX PAID"
0 607312 9 (SERIAL NUMBER) DEC 17 2025 (DATE)

OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005362 **Property Index No.: 120-02-028-003-011-1005**

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: SCIENCE HUB TOWER 1, 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)	24,233.16		354,773,462.40
BUILDING (NON PEZA)	20.48		299,849.32

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	299,849.32	80%	239,880.00	TAXABLE
COMMERCIAL	354,773,462.40	80%	283,818,770.00	EXEMPT

TOTAL: 284,058,650.00

Total Assessed Value: TWO HUNDRED EIGHTY FOUR MILLION FIFTY EIGHT THOUSAND SIX HUNDRED FIFTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor
12/04/2025
Date

This declaration cancels TD No.: EB-028-002089
Owner: MEGAWORLD CORPORATION
Previous A.V. Php 324,468,660.00

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.

**** This will serve as notice of assessment. Any erasure and alteration in data will invalidate this Tax Declaration.**

OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005364 **Property Index No.:** 120-02-028-003-010-1003

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: SCIENCE HUB TOWER 3 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)	22,987.47		336,536,560.80
BUILDING (NON PEZA)	299.81		4,389,194.42

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	4,389,194.42	80%	3,511,360.00	TAXABLE
COMMERCIAL	336,536,560.80	80%	269,229,250.00	EXEMPT

TOTAL: 272,740,610.00

Total Assessed Value: TWO HUNDRED SEVENTY TWO MILLION SEVEN HUNDRED FORTY THOUSAND SIX HUNDRED TEN PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor
12/04/2025
Date

This declaration cancels TD No.: EB-028-002093
Owner: MEGAWORLD CORPORATION
Previous A.V. Php 314,115,840.00

Memoranda: SEGREGATION
ON THE LAND OF GL-006-06673

THIS MACHINERIES IS INSTALLED LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.
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.

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005366 **Property Index No.: 120-02-028-003-010-1005**

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: SCIENCE HUB TOWER 4 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)	23,105.26		338,261,006.40
BUILDING (NON PEZA)	323.15		4,730,961.24

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	4,730,961.24	80%	3,784,770.00	TAXABLE
COMMERCIAL	338,261,006.40	80%	270,608,810.00	EXEMPT

TOTAL: 274,393,580.00

Total Assessed Value: TWO HUNDRED SEVENTY FOUR MILLION THREE HUNDRED NINETY THREE THOUSAND FIVE HUNDRED EIGHTY PESOS ONLY *(Amount in Words)*

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ — *OIC - City Assessor*; 12/04/2025 — *Date*

This declaration cancels TD No.: EB-028-002095 **Owner:** MEGAWORLD CORPORATION **Previous A.V. Php** 314,179,550.00

SEGREGATION

Memoranda:

THIS BUILDING IS LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005356 **Property Index No.:** 120-02-028-003-007-1004

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: 8 CAMPUS PLACE TOWER A 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)	12,557.52		183,842,092.80

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	183,842,092.80	80%	147,073,670.00	EXEMPT

TOTAL: 147,073,670.00

Total Assessed Value: ONE HUNDRED FORTY SEVEN MILLION SEVENTY THREE THOUSAND SIX HUNDRED SEVENTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2025 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

12/04/2025
Date

This declaration cancels TD No.: EB-028-002099
Owner: MEGAWORLD CORPORATION
Previous A.V. Php 148,738,420.00

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.

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005358 **Property Index No.: 120-02-028-003-007-1006**

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: 8 CAMPUS PLACE TOWER B 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)	11,720.12		171,582,556.80

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	171,582,556.80	80%	137,266,050.00	EXEMPT

TOTAL: 137,266,050.00

Total Assessed Value: ONE HUNDRED THIRTY SEVEN MILLION TWO HUNDRED SIXTY SIX THOUSAND FIFTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2025 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

12/04/2025
Date

This declaration cancels TD No.: EB-028-002101

Owner: MEGAWORLD CORPORATION

Previous A.V. Php 148,738,420.00

Memoranda: SEGREGATION
ON THE LAND OF GL-006-06673

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005360 **Property Index No.:** 120-02-028-003-007-1008

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: 8 CAMPUS PLACE TOWER C 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)	12,433.74		182,029,953.60

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	182,029,953.60	80%	145,623,960.00	EXEMPT

TOTAL: 145,623,960.00

Total Assessed Value: ONE HUNDRED FORTY FIVE MILLION SIX HUNDRED TWENTY THREE THOUSAND NINE HUNDRED SIXTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2025 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

12/04/2025
Date

This declaration cancels TD No.: EB-028-002103

Owner: MEGAWORLD CORPORATION

Previous A.V. Php 148,738,420.00

Memoranda: SEGREGATION
ON THE LAND OF GL-006-06673

THIS BUILDING IS LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005352 **Property Index No.:** 120-02-028-003-003-1003

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: ONE CAMPUS PLACE TOWER A MCKINLEY HILLS, 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)	12,036.41		176,213,042.40
BUILDING (NON PEZA)	1,408.59		20,621,799.86

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	20,621,799.86	80%	16,497,440.00	TAXABLE
COMMERCIAL	176,213,042.40	80%	140,970,430.00	EXEMPT

TOTAL: 157,467,870.00

Total Assessed Value: ONE HUNDRED FIFTY SEVEN MILLION FOUR HUNDRED SIXTY SEVEN THOUSAND EIGHT HUNDRED SEVENTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

12/04/2025
Date

This declaration cancels TD No.:
EB-028-002083

Owner:
MEGAWORLD CORPORATION

Previous A.V. Php
180,364,800.00

Memoranda:
SEGREGATION
ON THELAND OF GL-006-66673

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.

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005354 **Property Index No.:** 120-02-028-003-003-1005

Owner: MEGAWORLD CORPORATION

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR.,11TH AVE. UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: ONE CAMPUS PLACE TOWER B, MCKINLEY HILLS, 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)	12,036.41		176,213,042.40
BUILDING (NON PEZA)	1,408.59		20,621,757.60

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	20,621,757.60	80%	16,497,410.00	TAXABLE
COMMERCIAL	176,213,042.40	80%	140,970,430.00	EXEMPT

TOTAL: 157,467,840.00

Total Assessed Value: ONE HUNDRED FIFTY SEVEN MILLION FOUR HUNDRED SIXTY SEVEN THOUSAND EIGHT HUNDRED FORTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2027 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

12/04/2025
Date

This declaration cancels TD No.:
EB-028-002085

Owner:
MEGAWORLD CORPORATION

Previous A.V. Php
180,364,800.00

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.

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OWNER'S COPY

Republic of the Philippines
CITY OF TAGUIG
DECLARATION OF REAL PROPERTY

Tax Declaration No.: EB-028-005372 **Property Index No.:** 120-02-028-003-006-1002

Owner: MEGAWORLD CORPORATION / SOUTHEAST ASIAN CAMPUS

Address: 30/F ALLIANCE GLOBAL TOWER, 30TH ST. COR. 11TH AVE.,UPTOWN BONIFACIO, TAGUIG CITY

Administrator/Beneficial User:

Address:

Location: WELLS FARGO CTR, 1180 WELLS FARGO DR. MCKINLEY HILL, CYBER PARK, 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
BULDING (PEZA)	58,840.00		861,417,600.00

PROPERTY ASSESSMENT (BUILDING & OTHER STRUCTURE)

ACTUAL USE	MARKET VALUE	ASSESSMENT LEVEL	ASSESSED VALUE	TAXABILITY
COMMERCIAL	861,417,600.00	80%	689,134,080.00	EXEMPT

TOTAL: 689,134,080.00

Total Assessed Value: SIX HUNDRED EIGHTY NINE MILLION ONE HUNDRED THIRTY FOUR THOUSAND EIGHTY PESOS ONLY
(Amount in Words)

Effectivity of Assessment / Reassessment: 1st Qtr. 2025 Year

APPROVED BY: ENGR. ROBERTO S. VILLALUZ
OIC - City Assessor

12/10/2025
Date

This declaration cancels TD No.: EB-028-005220

Owner: MEGAWORLD CORPORATION / SOUTHEAST ASIAN CAMPUS

Previous A.V. Php 941,703,360.00

Memoranda:

SEGREGATION
GL-006-06673

THIS BUILDING IS LOCATED WITHIN PEZA AREA, APPRAISAL/ASSESSMENT SUBJECT TO CHANGE IF WARRANTED.

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Annex "B"



Property-for-Share Swap between Megaworld Corporation and MREIT, Inc.

Fairness Opinion Report

FTI CONSULTING™

09 December 2025

STRICTLY PRIVATE & CONFIDENTIAL

December 9, 2025

Megaworld Corporation
30F Alliance Global Tower,
36th St. cor 11th Ave., Uptown Bonifacio, Taguig City

MREIT, Inc.
19F Alliance Global Tower,
36th St. cor 11th Ave., Uptown Bonifacio, Taguig City

Attention: Board of Directors of Megaworld Corporation and MREIT, Inc.

Re: Fairness Opinion Report supported by a Valuation Report

Ladies and Gentlemen:

FTI Consulting Philippines, Inc. ("FTI Consulting") is pleased to submit this Fairness Opinion Report ("Report") covering the property-for-share swap transaction in relation to the planned transfer of nine (9) properties (the "Properties") owned by Megaworld Corporation ("MEG") into MREIT, Inc. ("MREIT"). MEG intends to transfer 100 percent of its ownership in the Properties to MREIT in exchange for primary shares to be issued by MREIT (the "Transaction").

The Properties consist of nine offices. These are: (1) One Campus Place Building A, (2) One Campus Place Building B, (3) Science Hub Tower 1, (4) Science Hub Tower 3, (5) Science Hub Tower 4, (6) 8 Campus Place A, (7) 8 Campus Place B, (8) 8 Campus Place C, and (9) Southeast Asian Campus.

In this regard, FTI Consulting has been asked to render an opinion on whether the proposed exchange of MREIT shares for the Properties is fair from a financial point of view.

FTI Consulting conducted a valuation study of the Properties and MREIT in accordance with the International Valuation Standards ("IVS") to determine the fairness of the consideration to be transferred and consideration to be received by MREIT. The following standards were used:

- IVS 101 Scope of Work
- IVS 102 Bases of Value
- IVS 103 Valuation Approaches
- IVS 104 Data and Inputs
- IVS 105 Valuation Models
- IVS 200 Business and Business Interests
- IVS 400 Real Property Interests*

The Valuation Date is 30 September 2025, with the Philippine Peso ("PHP") as the Valuation Currency. Market Value (also referred to as "Fair Value") is the basis of value used in this engagement. Market Value is defined in the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

The Philippine Stock Exchange, Inc.'s ("PSE") Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104, amended No. 2024-0019) requires a fairness opinion covering the property-for-share swap transactions. Such fairness opinion must be supported by a valuation report.

FTI Consulting is an independent firm accredited by the PSE (PSE Accreditation CN - No. 2024-0063 released on December 13, 2024) for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange in compliance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104). FTI Consulting is also accredited by the Securities and Exchange Commission (SEC Accreditation No. 032) as a Professional Services Organization ("PSO") in accordance with SEC Memorandum No. 2 Series of 2014 (Guideline on Asset Valuation).

*Provisions on valuation approaches and methods

Summary of Findings

The Properties were valued using the Discounted Cash Flows ("DCF") Method and Direct Capitalization Method under the Income Approach. MREIT, on the other hand, was valued using the DCF Method under the Income Approach and the Volume Weighted Average Price ("VWAP") Method and Comparable Public Companies Method under the Market Approach. The estimated valuation ranges for the Properties and MREIT as of the Valuation Date are presented in Exhibits 1 and 2, respectively.

Exhibit 1. Valuation Summary – Properties

Properties	Discounted Cash Flow Method		Direct Capitalization Method		Range of Market Values	
In PHP millions	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
One Campus Place Building A	764.05	1,255.23	747.91	1,079.35	747.91	1,255.23
One Campus Place Building B	988.53	1,637.76	1,141.36	1,397.83	988.53	1,637.76
Science Hub Tower 1	1,838.40	2,698.27	2,109.19	2,291.21	1,838.40	2,698.27
Science Hub Tower 3	1,924.73	2,848.29	2,115.72	2,425.59	1,924.73	2,848.29
Science Hub Tower 4	2,017.36	2,890.07	2,309.72	2,612.91	2,017.36	2,890.07
8 Campus Place A	972.60	1,088.86	1,041.53	1,112.66	972.60	1,112.66
8 Campus Place B	913.17	1,034.13	979.49	1,053.81	913.17	1,053.81
8 Campus Place C	968.68	1,084.92	1,041.06	1,112.30	968.68	1,112.30
Southeast Asian Campus	4,816.90	5,401.35	5,221.77	5,579.12	4,816.90	5,579.12
TOTAL RANGE OF MARKET VALUES					**15,188.29**	**20,187.51**

Sources: FTI Consulting Analysis

Summary of Findings (cont'd)

Exhibit 2. Valuation Summary – MREIT

MREIT Valuation	Equity Value		Value per Share	
In PHP millions, except for the per share values	Low Estimate	High Estimate	Low Estimate	High Estimate
Discounted Cash Flows Method	**49,048.53**	**63,944.48**	**13.18**	**17.18**
Cross-checks:				
Volume Weighted Average Price Method	*49,633.61*	*51,664.23*	*13.34*	*13.88*
Comparable Public Companies Method				
Enterprise Value/NTM EBITDA	*57,423.50*	*63,404.64*	*15.43*	*17.04*
Enterprise Value/NTM EBIT	*56,773.50*	*62,921.64*	*15.25*	*16.91*
Price/NTM Earnings	*54,914.35*	*60,226.17*	*14.75*	*16.18*
RANGE OF MARKET VALUES	**49,048.53**	**63,944.48**	**13.18**	**17.18**

NTM = Next Twelve Months
Sources: FTI Consulting Analysis

Fair Range of RCR shares to be Exchanged

Given the range of market values of the Properties (as shown in Exhibit 1) and the range of market values per share of MREIT (as shown in Exhibit 2), we determined the range of MREIT shares to be issued which is considered fair from a financial point of view. This is presented in Exhibit 3, along with a comparison with the proposed number of shares to be issued by MREIT's management in the Transaction.

Exhibit 3. Comparison of the Fair Range of MREIT Shares to be Issued and the Proposed Number of Shares to be Issued by MREIT

Properties	Range of Market Values (PHP millions)		MREIT (PHP/share)		Fair Number of Shares to be Issued (In Millions)		MREIT Shares to be Issued (In Millions)
	Low Est.	High Est.	Low Est.	High Est.	Low Est.	High Est.	
One Campus Place Building A	747.91	1,255.23	13.18	17.18	43.53	95.25	56.60
One Campus Place Building B	988.53	1,637.76	13.18	17.18	57.54	124.28	66.10
Science Hub Tower 1	1,838.40	2,698.27	13.18	17.18	107.01	204.75	130.30
Science Hub Tower 3	1,924.73	2,848.29	13.18	17.18	112.03	216.14	125.90
Science Hub Tower 4	2,017.36	2,890.07	13.18	17.18	117.42	219.31	128.70
8 Campus Place A	972.60	1,112.66	13.18	17.18	56.61	84.43	61.30
8 Campus Place B	913.17	1,053.81	13.18	17.18	53.15	79.97	57.50
8 Campus Place C	968.68	1,112.30	13.18	17.18	56.38	84.41	62.10
Southeast Asian Campus	4,816.90	5,579.12	13.18	17.18	280.37	423.36	308.40
TOTAL	**15,188.29**	**20,187.51**			**884.06**	**1,531.90**	**996.90**

Source: FTI Consulting Analysis

Fairness Opinion

Given that the shares to be issued by MREIT for each property fall within our fair range of shares that MREIT can issue in exchange for each of the Properties, we are of the opinion that the proposed Transaction is fair from a financial point of view.

Statement of Limitations

- This Report opines solely on the fairness of the number of shares to be issued by MREIT and the valuation of the Properties and MREIT. It does not opine as to the operational merits or strategic rationale of the Transaction.
- In the preparation of the valuation report, FTI Consulting relied on available information and records, including but not limited to the representations of MEG and MREIT, audited and unaudited financial statements, and such other relevant supporting documents.
- While our work may include an analysis of financial and accounting data, our work does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the Auditing and Assurance Standards Council ("AASC"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements of the MEG Properties and MREIT or any financial or other information.
- With respect to prospective financial information relative to the Properties and MREIT referenced throughout the valuation report, we did not examine, compile, or apply agreed-upon procedures to such information in accordance with standards established by the AASC and we express no assurance of any kind on such information. There will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We take no responsibility for the achievability of the expected results anticipated by the Management.
- Management is responsible for any and all financial information provided to us during the course of our work.

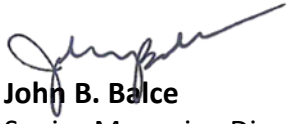
Statement of Compliance

- The Report is not approved by an internal committee. The Report is reviewed and approved by the Senior Managing Directors of FTI Consulting.
- The Report does not express an opinion about the fairness of the compensation in the Transaction to any of MEG's or MREIT's directors, officers, or employees relative to the compensation to MEG's or MREIT's shareholders.
- FTI Consulting did not act as a financial advisor to any party to the Transaction and did not or will not receive a payment that is contingent on the successful completion of the Transaction, for rendering the fairness opinion.
- There is no material relationship between FTI Consulting and any party to the Transaction. During the prior two years, as it relates to this Transaction, FTI Consulting has not received or intends to receive compensation as a financial advisor.
- Information with respect to the MEG Properties' and MREIT's operations and account balances purported to be in effect and described in our valuation report was obtained primarily through analyses provided by and discussions with MEG's and MREIT's management ("Management").
- FTI Consulting performed appropriate analysis to evaluate inputs and assumptions, and their appropriateness for the valuation purpose.
- Members of FTI Consulting, particularly those who are registered Certified Public Accountants and Chartered Financial Analysts, and Chartered Valuer and Appraiser, are compliant with the Code of Ethics of the Philippine Institute of Certified Public Accountants, the CFA Institute Code of Ethics, and Code for Ethical Principles for Professional Valuers.
- A brief description of FTI Consulting and the educational and professional qualification of its representatives who conducted the valuation is included in our valuation report.

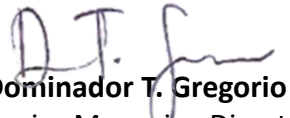
Should you require clarification on any of the matters contained in this Report or any further information, we would be pleased to meet and discuss.

Yours faithfully,

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25 ADB Avenue, Ortigas Center
Pasig City, Philippines
PSE Accreditation CN - No. 2024-0063
Validity Date: 29 December 2024 to 28 December 2027
SEC Accreditation No. 032
Validity Date: 30 September 2025 to 30 September 2030



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Valuation Report

Property-for-Share Swap between Megaworld Corporation and MREIT, Inc.

FTI CONSULTING™

09 December 2025

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Executive Summary

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Executive Summary

- Megaworld Corporation ("MEG") intends to transfer nine (9) properties consisting of offices (the "Properties") to MREIT, Inc. ("MREIT") in exchange for primary shares (the "Shares") to be issued by MREIT under a property-for-share swap (the "Transaction"). The land where the Properties are located will not be transferred.
- MEG is a corporation focused on real estate development. It has three primary business segments: real estate sales of residential developments, leasing of office and retail spaces, and hotel operations. Since its incorporation, MEG and its affiliates have launched more than 800 residential buildings, 80 premier offices, 22 lifestyle malls and commercial centers, and 14 hotel brands including condotels. Most notably, it developed the Eastwood City township.
- MREIT is a Real Estate Investment Trust ("REIT") leasing a portfolio of 24 office and commercial buildings across the country with an aggregate gross leasable area of over 400,000 square meters ("sqm"). MREIT was registered with the Philippine Securities and Exchange Commission ("SEC") on 2 October 2020 and listed in the Philippine Stock Exchange ("PSE") on 1 October 2021, primarily to engage in the business of a real estate investment trust as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations (the "REIT Act"), and other applicable laws.
- The Properties consist of: (1) One Campus Place Building A, (2) One Campus Place Building B, (3) Science Hub Tower 1, (4) Science Hub Tower 3, (5) Science Hub Tower 4, (6) 8 Campus Place A, (7) 8 Campus Place B, (8) 8 Campus Place C, and (9) Southeast Asian Campus.
- FTI Consulting Philippines, Inc. ("FTI Consulting") conducted a valuation study of both the Properties and MREIT in accordance with the International Valuation Standards ("IVS") to determine the fairness of the consideration to be transferred and consideration to be received by MREIT. We considered different methodologies under the Income Approach and Market Approach to value the Properties and MREIT. Detailed discussion of the different valuation methodologies considered in this valuation exercise is presented in *Valuation Approach* section of this report.
- The Valuation Date is 30 September 2025, with the Philippine Peso ("PHP") as the Valuation Currency. Market Value (also referred to as "Fair Value") is the basis of value used in this engagement. Market Value is defined in the IVS as the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

Executive Summary

Summary of Findings

The Properties were valued using the Discounted Cash Flows ("DCF") Method and Direct Capitalization Method under the Income Approach. Based upon discussions with and representations of MEG's management, research conducted, and the valuation analyses performed and described herein, the total range of market values of the Properties was estimated within **PHP15,188.29 million to PHP20,187.51 million** as of the Valuation Date.

Valuation Summary – MEG Properties

Properties	Discounted Cash Flow Method		Direct Capitalization Method		Range of Market Values	
In PHP millions	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
One Campus Place Building A	764.05	1,255.23	747.91	1,079.35	747.91	1,255.23
One Campus Place Building B	988.53	1,637.76	1,141.36	1,397.83	988.53	1,637.76
Science Hub Tower 1	1,838.40	2,698.27	2,109.19	2,291.21	1,838.40	2,698.27
Science Hub Tower 3	1,924.73	2,848.29	2,115.72	2,425.59	1,924.73	2,848.29
Science Hub Tower 4	2,017.36	2,890.07	2,309.72	2,612.91	2,017.36	2,890.07
8 Campus Place A	972.60	1,088.86	1,041.53	1,112.66	972.60	1,112.66
8 Campus Place B	913.17	1,034.13	979.49	1,053.81	913.17	1,053.81
8 Campus Place C	968.68	1,084.92	1,041.06	1,112.30	968.68	1,112.30
Southeast Asian Campus	4,816.90	5,401.35	5,221.77	5,579.12	4,816.90	5,579.12
TOTAL RANGE OF MARKET VALUES					**15,188.29**	**20,187.51**

Sources: FTI Consulting Analysis

Executive Summary

Summary of Findings (cont'd)

MREIT was valued using the DCF Method as the primary method. The Volume Weighted Average Price ("VWAP") Method and Comparable Public Companies Method under the Market Approach were used as cross-checks. Based upon discussions with and representations of MREIT's management, research conducted, and the valuation analyses performed and described herein, the range of market values of MREIT is within **PHP49,048.53 million to PHP63,944.48 million** or **PHP13.18 to PHP17.18** on a per share basis as of the Valuation Date.

Valuation Summary – MREIT

MREIT Valuation	Equity Value		Value per Share	
In PHP millions, except for the per share values	Low Estimate	High Estimate	Low Estimate	High Estimate
Discounted Cash Flows Method	**49,048.53**	**63,944.48**	**13.18**	**17.18**
Cross-checks:				
Volume Weighted Average Price Method	*49,633.61*	*51,664.23*	*13.34*	*13.88*
Comparable Public Companies Method				
Enterprise Value/NTM EBITDA	*57,423.50*	*63,404.64*	*15.43*	*17.04*
Enterprise Value/NTM EBIT	*56,773.50*	*62,921.64*	*15.25*	*16.91*
Price/NTM Earnings	*54,914.35*	*60,226.17*	*14.75*	*16.18*
RANGE OF MARKET VALUES	**49,048.53**	**63,944.48**	**13.18**	**17.18**

NTM = Next Twelve Months
Sources: FTI Consulting Analysis



Market Overview

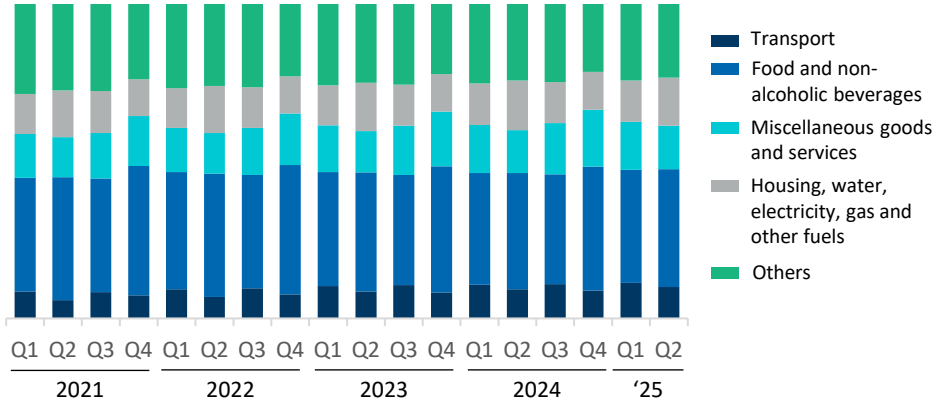
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Market Overview
The Philippine Property Sector

The Philippine Property Sector

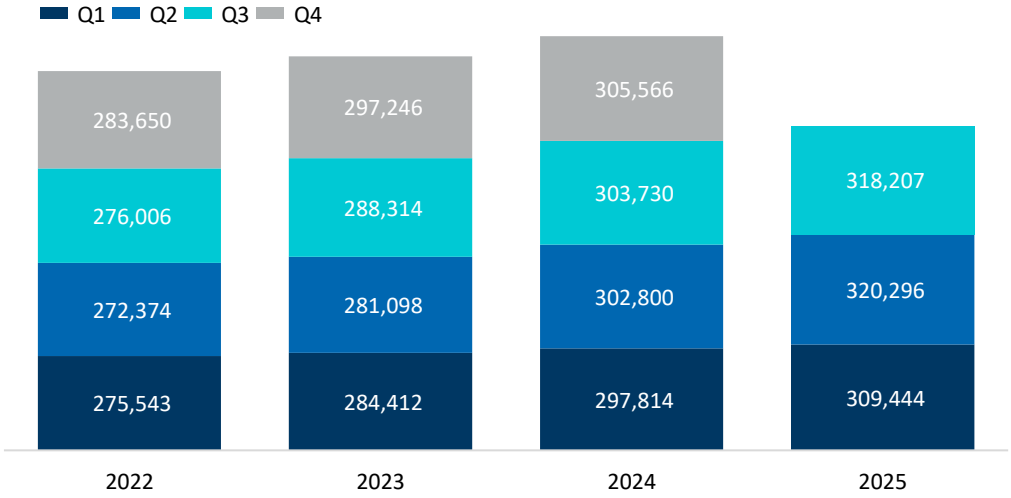
- According to the Department of Finance, the Philippines' Gross Domestic Product ("GDP") year-on-year growth slowed to 4.4 percent in 3Q25, representing a four-year low. Despite the recent performance, the economy is expected to improve in 2026 with increased spending efficiencies and infrastructure budgeting reform.
  - The real estate and ownership of dwellings sector contributed a 5.9 percent share in the country's GDP as of the third quarter of 2025.
  - Household Final Consumption Expenditure ("HFCE") grew by 5.5 percent year-on-year as of 2Q25, with Food and non-alcoholic beverages as the leading contributors, followed by Housing, water, electricity, gas and other fuels.

Household Final Consumption Expenditure by purpose, in PHP billions



Source: Philippine Statistics Authority

Seasonally Adjusted Gross Value Added ("GVA") in Real Estate and Ownership of Dwellings, at Constant 2018 Prices in PHP millions



Source: Philippine Statistics Authority

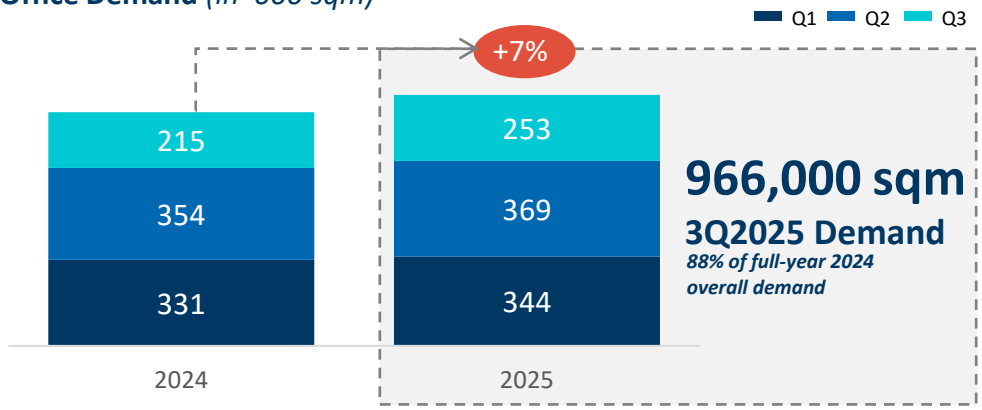
- As seen from the rising GVA, the Philippine property market is generally growing, propelled by tempered condominium launches, the entry of foreign retailers in malls, and increase in Electric Vehicle, F&B, and semiconductors retailers.
- Per Colliers, Metro Manila's residential market is rebounding, driven by two consecutive quarters of stronger net take-up mostly from the affordable to mid-income segment. Meanwhile, malls maintain strong occupancy thanks to proactive space refreshes and heavy retail capital expenditures, while the office market shows strong recovery driven by rising transactions, fewer space surrenders, and solid pre-leasing.

Market Overview
The Philippine Office Sector

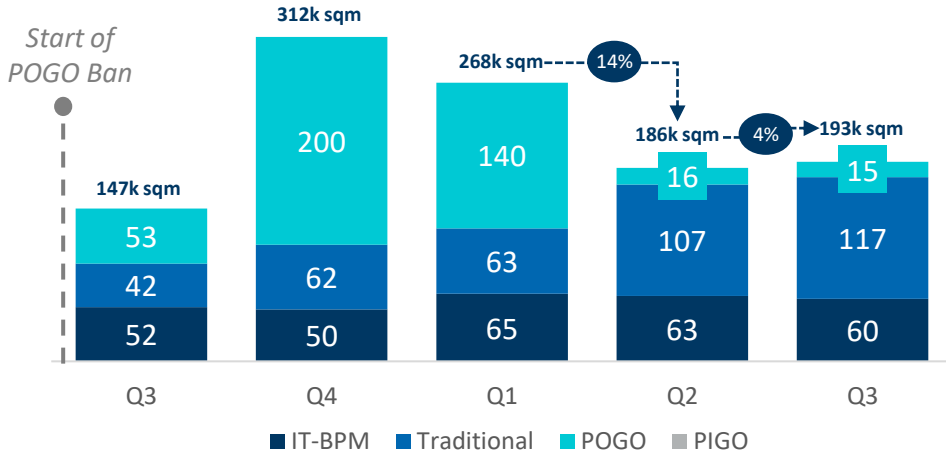
The Philippine Office Sector

- Leechiu Property Consultants reported for the first three quarters of 2025 was exceptionally strong for the office market. Demand hit 966,000 sqm, which is 88 percent of the 1.1 million sqm recorded for 2024 demand.
  - This rebound is fueled by the IT-BPM sector, which contributed 436,000 sqm, or around 45 percent of all deals.
- As per Leechiu Property Consultants, Metro Manila continues to be the powerhouse of office demand, accounting for 755,000 sqm as of the third quarter of 2025. According to JLL, the office sector recorded 28,700 sqm of positive net absorption.
  - Bonifacio Global City led all districts with 183,000 sqm of take-up, followed by strong activity in Quezon City with 144,000 sqm and Ortigas and Mandaluyong with 127,000 sqm.
  - Provincial markets contribute a significant 211,000 sqm to the national total, led by Cebu at 125,000 sqm.

Office Demand *(in '000 sqm)*



3Q25 Vacated Office Spaces



Source: Leechiu Property Consultants

- The office market is showing signs of stabilization, with the impact of the POGO exit lessening. The total volume of vacated space has been consistent in the past quarters, only increasing slightly by 4 percent from 186,000 sqm in 2Q25 to 193,000 sqm in 3Q25, as noted by Leechiu Property Consultants.
- As observed by JLL, the Philippine office market will face short-term pressure with approximately 159,000 sqm of new supply expected to be completed by end-2025. Colliers' outlook expects overall vacancy to rise to 19.8 percent this year, with new significant supplies reaching 612,300 sqm in total.
- The return of major pre-leasing activity for the first time since 2022 shows that long-term confidence is growing.

Sources: Leechiu, Colliers, JLL



Valuation Approach

FTI CONSULTING

Valuation Approach

To arrive at our estimates of value, we have considered different methodologies under the Income Approach and Market Approach. The succeeding sections discuss the theoretical basis of both approaches as well as the specific methodologies relevant to the analyses performed.

Income Approach

The Income Approach is based on the premise that the value of an asset is the present value of the future earning capacity that is available for distribution to investors in the asset.

The Income Approach should be used as primary basis of valuation under the following circumstances:

- The income-producing ability of the asset is the critical element affecting value from a participant perspective; and/or
- Reasonable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, comparable assets in the market.

Under the Income Approach, the Discounted Cash Flows Method and Direct Capitalization Method were considered in the valuation analysis.

Discounted Cash Flows Method

This method involves forecasting the asset's appropriate cash flow stream over an appropriate period and discounting the forecasted cash flows back to present value using an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in the ownership of the asset being valued.

Free Cash Flows to the Firm

Free Cash Flows to the Firm ("FCFF") represents the cash flows available for distribution to the capital holders of the asset after all operating expenses have been paid and all necessary investments in working capital and fixed assets have been made, as shown below:

$$FCFF = EBIT \times (1 - Tax\ rate) + Noncash\ Charges - FCInv - WCInv$$

where:
- *EBIT* = Earnings before interest and taxes
- *Noncash Charges* = Depreciation and amortization
- *FCInv* = Fixed capital investments
- *WCInv* = Working capital investments

FCFF are discounted using the weighted average cost of capital ("WACC"). WACC is computed by multiplying the weights of debt and equity in the company's financing by the after-tax costs of debt and equity, respectively. The formula for the calculation of WACC is presented below:

$$WACC = W_d K_d (1 - Tax\ Rate) + W_e K_e$$

where:
- W_d = Weight of debt
- W_e = Weight of equity
- K_d = Pre-tax cost of debt
- K_e = Cost of equity

Valuation Approach

The pre-tax cost of debt is computed using the build-up approach by adding the 10-year BVAL rate and an appropriate spread.

The cost of equity, on the other hand, is computed using the Capital Asset Pricing Model ("CAPM"). CAPM is calculated as follows:

$K_e = R_f + \beta_L \times MRP + \alpha$

where:
R_f = Risk-free rate
β_L = Levered beta
MRP = Market risk premium
α = Alpha risk premium

Risk-free rate represents the return that would be earned from an investment in risk-free assets such as government bonds, while market risk premium refers to the difference between the expected market return and the risk-free rate.

Beta measures the sensitivity of a stock's returns to changes in the market and is a measure of systematic risk. Levered beta is the beta of a firm inclusive of the effects of capital structure and is calculated using the Hamada equation, as follows:

$\beta_L = \beta_U \times [1 + (1 - T) (D/E)]$

where:
β_L = Levered beta of the subject asset
β_U = Unlevered beta
T = Effective tax rate of the subject asset
D/E = Debt-to-market capitalization ratio

The unlevered beta is derived from the average unlevered beta of comparable publicly traded companies while the debt-to-market-capitalization ratio is based on the subject company's debt to market capitalization as of the Valuation Date.

Comparable companies were selected based on their business operations and risks. The process of filtering out the comparable companies considered in our valuation analysis and their corresponding business descriptions are presented in Appendices B and C.

To determine the unlevered betas of comparable companies, the following formula is used:

$\beta_U = \beta \div [1 + (1 - T) (D/E)]$

where:
β_U = Unlevered beta of comparable company
β = Raw beta of comparable company
T = Effective tax rate of comparable company
D/E = Debt-to-market capitalization of comparable company

Please refer to Appendix D for the details of the unlevered beta computation.

Lastly, an alpha risk premium is added to the cost of equity to account for company-specific risks such as size difference.

Valuation Approach

Direct Capitalization Method

This method values an asset by capitalizing the net operating income ("NOI") at a predetermined capitalization rate. The formula for the Direct Capitalization Method is as follows:

Value = Net Operating Income / Capitalization Rate

Net operating income is the amount of income remaining after deducting vacancy and collection losses, and operating expenses from potential gross income. Since this method assumes that NOI will be grown at a constant rate in perpetuity, a long-term sustainable level of income net of maintenance capital expenditures is determined.

The applied capitalization rate in the valuation exercise equals a pre-tax discount rate less an expected terminal growth rate.

Market Approach

The Market Approach references actual transactions in the equity of the company being valued or transactions in similar companies that are traded in the public markets. Third-party transactions in the equity of a company generally represent the best estimate of fair market value if they are done at arm's length.

This approach should be used as the primary basis for valuation under the following circumstances:

- The subject company has recently been sold in a transaction appropriate for consideration under the basis of value;
- The subject company or substantially similar companies are actively publicly traded; and/or
- There are frequent and/or recent observable transactions in substantially similar companies.

Under the Market Approach, the Comparable Public Companies Method and Volume Weighted Average Price Method were considered in the valuation analysis.

Comparable Public Companies Method

This method involves identifying and selecting publicly-traded companies with financial and operating characteristics similar to the subject company being valued.

Valuation Approach

Comparable Public Companies Method (cont'd)

Once comparable companies are identified, valuation multiples can be derived, adjusted for comparability, and then applied to the subject company's corresponding fundamental data to estimate the value of its equity.

Per IVS, this method should be used only when the subject company is sufficiently similar to the publicly traded comparable companies to allow for meaningful comparison.

We used S&P Capital IQ in extracting comparable companies and their corresponding multiples.

Volume Weighted Average Price ("VWAP") Method

This method involves analysis of the value of the company's shares based on its historical trading volume and price. VWAP is commonly used for subject companies that are actively traded. Given that prices may already reflect past and forward-looking available information of the subject company, this method may provide reliable basis of market value.



Valuation Analysis – MEG Properties

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Valuation Analysis | MEG Properties
Properties Overview

The Properties to be transferred to MREIT comprise nine (9) offices—**(1) One Campus Place Building A, (2) One Campus Place Building B, (3) Science Hub Tower 1, (4) Science Hub Tower 3, (5) Science Hub Tower 4, (6) 8 Campus Place A, (7) 8 Campus Place B, (8) 8 Campus Place C, and (9) Southeast Asian Campus**. The following provides a brief overview of the Properties:

One Campus Place Building A

- Situated in McKinley Hill, Taguig City, One Campus Place Building A is a 6-level office building suited for BPO and corporate tenants, with modern facilities and access to nearby residential, retail, and lifestyle developments.
- It has a GLA of approximately 12,120.47 sqm.

One Campus Place Building B

- One Campus Place Building B is a 6-storey building conveniently located in McKinley Hill, Taguig City, designed for IT-BPO operations and offering flexible office configurations to meet diverse tenant needs.
- It has a GLA of approximately 11,304.90 sqm.

Science Hub Tower 1

- Science Hub Tower 1 is a 10-storey PEZA-registered office building in McKinley Hill, Taguig City, featuring modern building systems and catering primarily to BPO and technology firms.
- It has a GLA of approximately 21,565.38 sqm.

Science Hub Tower 3

- Located in McKinley Hill, Taguig City, Science Hub Tower 3 is a 10-level PEZA-registered office development providing flexible spaces for IT-BPO operations with convenient access to major transport routes and nearby retail and lifestyle establishments.
- It has a GLA of approximately 20,516.88 sqm.

Science Hub Tower 4

- Situated in McKinley Hill, Taguig City, Science Hub Tower 4 is a PEZA-accredited commercial building designed for outsourcing and corporate tenants, with close proximity to residential communities and retail establishments.
- It has approximately 20,690.76 sqm of GLA.

Sources: MEG Management, Megaworld Corporation

Valuation Analysis | MEG Properties
Properties Overview (cont'd)

The Properties to be transferred to MREIT comprise nine (9) offices—**(1) One Campus Place Building A, (2) One Campus Place Building B, (3) Science Hub Tower 1, (4) Science Hub Tower 3, (5) Science Hub Tower 4, (6) 8 Campus Place A, (7) 8 Campus Place B, (8) 8 Campus Place C, and (9) Southeast Asian Campus**. The following provides a brief overview of the Properties:

8 Campus Place A

- Located in McKinley Hill, Taguig City, 8 Campus Place A is a 5-storey, LEED Gold-certified office building offering functional spaces for BPO operations, complemented by modern features and accessibility to lifestyle and commercial areas.
- It has approximately 9,862.00 sqm of GLA.

8 Campus Place B

- 8 Campus Place B is a LEED Gold-certified development situated within McKinley Hill, Taguig City, designed to accommodate IT-BPO and corporate tenants, providing reliable facilities and easy access to various amenities.
- It has a GLA of approximately 9,332.00 sqm.

8 Campus Place C

- Nestled in McKinley Hill, Taguig City, 8 Campus Place C is a PEZA-registered office building that delivers flexible workspaces for tenants, with close proximity to business, residential, and leisure areas.
- It has a GLA of approximately 9,991.00 sqm.

Southeast Asian Camp

- Located in McKinley Hill, Taguig City, the Southeast Asian Campus is a premier office development featuring modern design and facilities, strategically positioned to provide excellent connectivity to commercial areas, residential communities, and lifestyle destinations.
- It has a GLA of approximately 50,093.91 sqm.

Sources: MEG Management, Megaworld Corporation

Valuation Analysis | MEG Properties
Discounted Cash Flows Method

The following are the **Key Valuation Inputs and Assumptions** used in the **Discounted Cash Flows Method** of the offices under the Properties:

Discount Rate Estimation

Inputs to the determination of the WACC used to value the offices under Properties as of the Valuation Date were based on the following parameters:

- Cost of equity was computed using the Capital Asset Pricing Model ("CAPM").
  - Risk-free rate of 6.03 percent was based on the 10-year Philippine BVAL rate as of Valuation Date sourced from Bloomberg.
  - Market risk premium of 7.03 percent was referenced from Damodaran's Equity Risk Premium Assessment for the Philippines.
  - Levered beta was derived from the average unlevered beta of comparable companies and then re-levered based on MREIT's capital structure.
  - Alpha risk premium of 1.24 percent was referenced from the CRSP Deciles Size Premium Study by Kroll.
- Pre-tax cost of debt of 6.80 percent was computed using the build up method by adding risk free rate and a margin based on MEG's synthetic credit rating referenced from Aswath Damodaran.

Discount Rate for Properties As of 30 September 2025	Value
Risk-free Rate (RFR)	6.03%
Market Risk Premium (MRP)	7.03%
Unlevered Beta (β_U)	0.41
Debt-to-Equity Ratio (D/E)	0.14
Levered Beta (β_L)	0.47
Alpha Risk Premium (α)	1.24%
Cost of Equity (Ke)	**10.60%**
Cost of Debt	**6.80%**
Weight of Equity (We)	87.36%
Weight of Debt (Wd)	12.64%
WACC, rounded	**10.10%**

Sources: Bloomberg, Kroll, Aswath Damodaran, MEG Financial Statements, FTI Consulting Analysis

Valuation Analysis | MEG Properties
Discounted Cash Flows Method

The following are the **Key Valuation Inputs and Assumptions** used in the **Discounted Cash Flows Method** of the offices under the Properties (cont'd):

Revenues

Office revenues consist of rental income and net dues.

Rental Income

Rental income is derived from the leasing operations of the Properties' office spaces. This was estimated using occupancy rates, lease rates, and lease escalation rates.

Occupancy Rates

For each property, existing contracts were assumed to either renew or turnover, based on historical occupancy rates and occupancy rates of comparable properties in similar locations.

Lease Rates

For existing contracts as of the Valuation Date, lease rates provided by the management in the respective rent rolls were followed.

For future contracts, base lease rates were assumed based on prior contracts (if renewed) or based on the volume weighted average lease rates from existing contracts (if turned over).

Lease Escalation Rates

For existing contracts as of the Valuation Date, escalation details indicated in the respective rent rolls were followed.

For future contracts, lease rates were assumed to escalate depending on tenant category, following either historical escalation rates or management assumptions.

Net Dues

Net dues pertain to association dues charged to tenants, consisting of Common Usage Service Areas ("CUSA") and utility charges.

These were escalated based on inflationary expectations every other year, following Management assumptions.

Valuation Analysis | MEG Properties
Discounted Cash Flows Method

The following are the **Key Valuation Inputs and Assumptions** used in the **Discounted Cash Flows Method** of the offices under the Properties (cont'd):

Direct Operating Expenses

Costs and expenses are composed of outside services, management fees, land lease, utilities, taxes, licenses, and fees, repairs and maintenance, supplies and materials, and miscellaneous costs.

Except for the succeeding items, direct operating expenses were based on budgeted amounts by management in 2025 escalated by five percent every year for the low case and every other year for the high case, following management assumptions.

Management Fees

Management fees pertain to fund and property management fees. The fund management of the Properties will be handled by MREIT Fund Managers, Inc. ("MFMI"). Fund management fees are payable annually and are charged as a percentage of the Properties' net income.

Property management will be handled by MREIT Property Managers, Inc. ("MPMI"). Property management fees are payable quarterly and are charged as a percentage of the Properties' net income.

Depreciation Expense

Building, machinery, and equipment were depreciated using the straight-line method over their respective estimated useful lives.

Capital Expenditures

Annual recurring capital expenditures were assumed as a percentage of distributable income, following management assumptions.

Working Capital Requirements

Working capital requirements were calculated based on the historical average collection and payable periods as provided by management.

Terminal Value

The terminal value was determined using the Perpetuity Model given the long-term nature of the Properties. This was derived by dividing the terminal cash flow by the difference between WACC and the terminal growth rate. The terminal cash flow was computed by estimating the stable level of normalized net cash flows.

The terminal growth rate used was 3 percent, corresponding to the long-term Philippine GDP growth rate forecast in Bloomberg.

Valuation Analysis | MEG Properties
Direct Capitalization Method

The following are the **Key Valuation Inputs and Assumptions** used in the **Direct Capitalization Method** of the offices under the Properties:

Net Operating Income ("NOI")

The forecasted revenues, cost and expenses, and maintenance capital expenditures in 2026 were used to determine NOI given the forecasted renewal of contracts in this period leading to more stable escalation rates.

Capitalization Rate

The calculated NOI was divided by the capitalization rate to arrive at the estimated market value.

A capitalization rate of 7.10 percent was computed by obtaining the difference between the pre-tax WACC of 10.10 percent and the terminal growth rate of 3.00 percent.

Valuation Analysis | MEG Properties
Summary

Based upon discussions with and representations of MEG's management, research conducted, and the valuation analyses performed and described herein, the total market values of the Properties were estimated within the range of **PHP15,188.29 million to PHP20,187.51 million** as of the Valuation Date.

Properties	Discounted Cash Flow Method		Direct Capitalization Method		Range of Market Values	
In PHP millions	Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
One Campus Place Building A	764.05	1,255.23	747.91	1,079.35	747.91	1,255.23
One Campus Place Building B	988.53	1,637.76	1,141.36	1,397.83	988.53	1,637.76
Science Hub Tower 1	1,838.40	2,698.27	2,109.19	2,291.21	1,838.40	2,698.27
Science Hub Tower 3	1,924.73	2,848.29	2,115.72	2,425.59	1,924.73	2,848.29
Science Hub Tower 4	2,017.36	2,890.07	2,309.72	2,612.91	2,017.36	2,890.07
8 Campus Place A	972.60	1,088.86	1,041.53	1,112.66	972.60	1,112.66
8 Campus Place B	913.17	1,034.13	979.49	1,053.81	913.17	1,053.81
8 Campus Place C	968.68	1,084.92	1,041.06	1,112.30	968.68	1,112.30
Southeast Asian Campus	4,816.90	5,401.35	5,221.77	5,579.12	4,816.90	5,579.12
TOTAL RANGE OF MARKET VALUES					**15,188.29**	**20,187.51**

Sources: FTI Consulting Analysis



Valuation Analysis – MREIT

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Valuation Analysis | MREIT
Company Overview

- **MREIT, Inc.** ("MREIT") was incorporated on 2 October 2020 as an investment holding company. It was originally known as Megaworld Holdings, Inc. before changing to its current name on 7 April 2021.
- MREIT's primary investment strategy is investing in income-generating real estate. Properties are often located in prime locations and have stable occupancy and income operations.
- Revenues for the last twelve months ending 30 September 2025 were at PHP4,128.68 million while net income was at PHP2,888.22 million, posting a 69.95 percent net margin.
- MREIT was publicly listed on the PSE on 1 October 2021. As of 30 September 2025, 56.63 percent of the company's shares are owned by MEG, 43.32 percent is publicly held, and .05 percent is owned by minority shareholders.
- MREIT's main financial highlights for the year ended 30 September 2025 are as follows:

Financial Item	Amounts in PHP millions
Total Revenues	4,128.68
Net Income	2,888.22
Total Assets	76,633.61
Total Liabilities	10,240.68
Total Stockholder's Equity	66,392.94

Source: MREIT Financial Report as of 30 September 2025

- As a commercial REIT, MREIT is focused on expanding its office, commercial, and hotel properties. Its current properties portfolio includes:
  - 1800 Eastwood Avenue and 1880 Eastwood Avenue
  - E-Commerce Plaza
  - One World Square
  - Two World Square
  - Three World Square
  - 8/10 Upper McKinley and 18/20 Upper McKinley
  - World Finance Plaza
  - One West Campus (80% owned pro-indiviso)
  - Five West Campus (80% owned pro-indiviso)
  - Two West Campus (80% owned pro-indiviso)
  - Ten West Campus (80% owned pro-indiviso)
  - One Le Grand (80% owned pro-indiviso)
  - Richmonde Tower and Richmonde Hotel Iloilo
  - One Techno Place
  - Two Techno Place
  - Three Techno Place
  - One Global Center
  - Two Global Center
  - Festive Walk 1B
  - One Fintech Place
  - Two Fintech Place
  - Davao Finance Center

Valuation Analysis | MREIT
Discounted Cash Flows Method

The following are the **Key Valuation Inputs and Assumptions** used in the Discounted Cash Flows Method:

Discount Rate Estimation

Inputs to the determination of the WACC used to value MREIT as of the Valuation Date were based on the following parameters:

- Cost of equity was computed using the Capital Asset Pricing Model ("CAPM").
  - Risk-free rate of 6.03 percent was based on the 10-year Philippine BVAL rate as of Valuation Date sourced from Bloomberg.
  - Market risk premium of 7.03 percent was referenced from Damodaran's Equity Risk Premium Assessment for the Philippines.
  - Levered beta was derived from the average unlevered beta of comparable companies and then re-levered based on MREIT's capital structure.
  - Alpha risk premium of 1.24 percent was referenced from the CRSP Deciles Size Premia Study by Kroll.
- Pre-tax cost of debt of 6.80 percent was computed using the build up method by adding risk free rate and a margin based on MREIT's synthetic credit rating referenced from Aswath Damodaran.
- Under the REIT Law, a Philippine REIT is subject to regular income tax, but it can claim as a deduction from its taxable net income any dividend distributed out of its distributable income. At least 90 percent of the distributable income of MREIT is intended to be distributed as dividends. Therefore, the effective tax rate applicable for MREIT is zero percent.

Discount Rate For MREIT As of 30 September 2025	Value
Risk-free Rate (RFR)	6.03%
Market Risk Premium (MRP)	7.03%
Unlevered Beta (β_U)	0.34
Debt-to-Equity ratio (D/E)	0.14
Tax Rate (T)	-
Levered Beta (β_L)	0.39
Alpha Risk Premium (α)	1.24%
Cost of Equity (Ke)	**10.00%**
Cost of Debt	**6.8%**
Weight of Equity (We)	87.36%
Weight of Debt (Wd)	12.64%
WACC, rounded	**9.60%**

Sources: Bloomberg, Kroll, MREIT Financial Statements, Aswath Damodaran, FTI Consulting Analysis

Valuation Analysis | MREIT, Inc.
Discounted Cash Flows Method

The following are the **Key Valuation Inputs and Assumptions** used in the Discounted Cash Flows Method (cont'd):

Revenues

- MREIT's revenues consist of rental income and net dues.
- Majority of the rental income is derived from office leases. Other sources of rental income are leases from retail, hotel, and parking spaces.
  - Office rental income is based on occupancy rates, lease rates, and escalation rates.
    - Occupancy rates are based on management forecasts. These are held constant throughout the forecast period, following management assumptions for the low case and average historical occupancy rates for the high case.
    - Lease rates are based on the calculated volume-weighted average lease rate of each property, based on provided rental contracts.
    - Escalation rates are based on management assumptions. These were sensitized based on conservative escalation rates observed in management forecasts for the low case, and based on usual lease terms for the high case.
- Net dues pertain to association dues charged to tenants, consisting of Common Usage Service Areas ("CUSA") and utility charges. This was sensitized following historical revenues.

Direct Operating Expenses

- Direct operating expenses include outside services, management fees, land lease, utilities, taxes, licenses, and fees, repairs and maintenance, supplies and materials, and miscellaneous costs.
- Outside services, land lease, utilities, taxes, licenses, and fees, repairs and maintenance, supplies and materials, and miscellaneous costs were assumed based on management assumptions and sensitized based on a combination of management forecasts and inflation expectations.
- Management fees pertain to fund and property management fees agreed with fund and property managers. Fund management fees are payable annually and are charged as a percentage of MREIT's gross revenues. Property management fees are payable quarterly and are also charged as a percentage of MREIT's gross revenues.

Valuation Analysis | MREIT, Inc.
Discounted Cash Flows Method

The following are the **Key Valuation Inputs and Assumptions** used in the Discounted Cash Flows Method (cont'd):

Depreciation Expense

- MREIT uses fair value accounting and as such, no depreciation expense is being recognized.

Capital Expenditures

- Annual recurring maintenance capital expenditures were assumed as a percentage of distributable income, following management assumptions.

Working Capital Requirements

- Working capital requirements were calculated based on the historical average collection and payable period as discussed with management.

Terminal Value

- The terminal value was determined using the Perpetuity Model given the long-term nature of the properties being managed.
- This was derived by dividing the terminal cash flow by the difference between WACC and the terminal growth rate. The terminal cash flow was computed based on last year's explicit forecast period cash flow. The terminal growth rate used was 3 percent, based on the long-term Philippine GDP growth rate forecast in Bloomberg.

Using the DCF method, the equity value of MREIT as of the Valuation Date was estimated within the range of **PHP49,048.53 million** to **PHP63,944.48 million**, or **PHP13.18** to **PHP17.18** on a per share basis.

Valuation Summary (in PHP millions)	Low Estimate	High Estimate
Estimated Value of Operating Assets	**54,278.11**	**69,174.07**
[+] Cash	1,819.38	1,819.38
[-] Debt	(7,216.26)	(7,216.26)
[-] Non-operating assets and liabilities	167.29	167.29
Estimated Equity Value	**49,048.53**	**63,944.48**
Outstanding Shares (in millions)	3,721.98	3,721.98
Estimated Equity Value per Share	**13.18**	**17.18**

Source: FTI Consulting Analysis

Valuation Analysis | MREIT
Volume Weighted Average Price Method

- As a cross-check to our DCF valuation and given that the shares of MREIT are listed on the local stock exchange, we also valued MREIT using the Volume Weighted Average Price method.
- The VWAP method is computed using the following formula:

$$VWAP = \frac{\sum(Stock\ Price\ x\ Volume\ Traded)}{\sum Volume\ Traded}$$

- We considered the stock prices and trading volume of MREIT over a one-year period from the Valuation Date. Stock prices were extracted from Bloomberg and were weighted by their corresponding trading volume.

VWAP Computation as of 30 September 2025

Period	Price per Share (PHP per share)	Equity Value (In PHP millions)
365-day	13.34	49,633.61
180-day	13.83	51,473.09
90-day	13.88	51,664.23
30-day	13.80	51,370.04
VWAP as of 30 September 2025	13.40	49,874.58

Sources: Bloomberg, FTI Consulting Analysis

Price and Volume Chart



Source: Bloomberg

- Using the VWAP method, the equity value of MREIT as of the Valuation Date was estimated within the range of **PHP49,633.61 million** to **PHP51,664.23 million**, or **PHP13.34** to **PHP13.88** on a per share basis.

Valuation Summary	Low Estimate	High Estimate
	365-day	90-day
VWAP (in PHP per share)	13.34	13.88
Outstanding Shares (in millions)	3,721.98	3,721.98
Estimated Equity Value (in PHP millions)	**49,633.61**	**51,664.23**

Source: FTI Consulting Analysis

Valuation Analysis | MREIT
Comparable Public Companies Method

- The Comparable Public Companies Method was also used as a cross-check to estimate the equity value of MREIT. This method involves the identification of publicly traded companies that are reasonably comparable to MREIT, and the analysis of the valuation indications that the multiples of comparable companies imply when applied to MREIT.
- Philippine REITs were determined as the comparable companies of RCR. These consist of AyalaLand REIT, Inc. ("AREIT"), Filinvest REIT Corp. ("FILRT"), and RL Commercial REIT, Inc. ("RCR").
- We examined the multiples as of the Valuation Date of the selected comparable companies, considering the EV-to-EBITDA, EV-to-EBIT, and price-earnings multiples.
- We took the first and third quartiles of the comparable companies' multiples gathered from S&P Capital IQ to estimate low and high case values. The calculated quartiles were multiplied by the relevant financial metrics of MREIT, and then net debt as of the Valuation Date was deducted for enterprise value multiples to arrive at the equity values.
- Using the Comparable Public Companies Method, the equity value of MREIT as of the Valuation Date was estimated within the range of **PHP59,914.35 million** to **PHP63,404.64 million**, or **PHP14.75** to **PHP17.04** on a per share basis.

Price Multiples of Comparable Public Companies

Comparable Companies	EV/ NTM EBITDA	EV/NTM EBIT	P/NTM EPS
AREIT	14.73x	14.74x	15.09x
FILRT	-	15.87x	12.48x
RCR	17.67x	17.77x	14.56x
First Quartile	**15.46x**	**15.30x**	**13.52x**
Third Quartile	**16.94x**	**16.82x**	**14.83x**

NTM = Next Twelve Months
Sources: S&P Capital IQ, PSE Edge, FTI Consulting Analysis

Implied Equity Values of MREIT using Comparable Public Companies Method

Multiple	Implied Equity Value (In PHP millions)		Value per Share (PHP per share)	
	First Quartile	Third Quartile	Low Est.	High Est.
EV/NTM EBITDA	57,423.50	63,404.64	15.43	17.04
EV/NTM EBIT	56,773.50	62,921.64	15.25	16.91
P/NTM EPS	54,914.35	60,226.17	14.75	16.18
Estimated Equity Value	**54,914.35**	**63,404.64**	**14.75**	**17.04**

Source: FTI Consulting Analysis

Valuation Analysis | MREIT
Valuation Summary

Based upon discussions with and representations of MREIT's management, research conducted, and the valuation analyses performed and described herein, the range of market values of MREIT is within **PHP49,048.53 million to PHP63,944.48 million** or **PHP13.18 to PHP17.18** on a per share basis as of the Valuation Date.

MREIT Valuation	Equity Value		Value per Share	
In PHP millions, except for the per share values	Low Estimate	High Estimate	Low Estimate	High Estimate
Discounted Cash Flows Method	**49,048.53**	**63,944.48**	**13.18**	**17.18**
Cross-checks:				
Volume Weighted Average Price Method	*49,633.61*	*51,664.23*	*13.34*	*13.88*
Comparable Public Companies Method				
Enterprise Value/NTM EBITDA	*57,423.50*	*63,404.64*	*15.43*	*17.04*
Enterprise Value/NTM EBIT	*56,773.50*	*62,921.64*	*15.25*	*16.91*
Price/NTM Earnings	*54,914.35*	*60,226.17*	*14.75*	*16.18*
RANGE OF MARKET VALUES	**49,048.53**	**63,944.48**	**13.18**	**17.18**

NTM = Next Twelve Months
Sources: FTI Consulting Analysis



Valuation Conclusion

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Valuation Conclusion

Based upon discussions with and representations of MEG's and MREIT's management, research conducted, and the valuation analyses performed and described herein, the range of market values of the Properties and MREIT shares are estimated as follows:

	Market Values (In PHP millions)		Value per Share (PHP per share)	
	Low Estimate	High Estimate	Low Estimate	High Estimate
MEG Properties	15,188.29	20,187.51		
MREIT	49,048.53	63,944.48	13.18	17.18

Source: FTI Consulting Analysis



Appendices

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Appendix A
Glossary of Terms

Term	Definition
Alpha risk premium	Risk premium associated with the level of unsystematic risk or risks specific to the subject company or asset
Beta	Measures the sensitivity of a stock's returns to changes in the market and is a measure of systematic risk
Book Value	Value of an asset or liability according to its balance sheet account balance
BVAL	Bloomberg Valuation
Capitalization rate	Rate of return on a property based on the net operating income that the property generates
CAPM	Capital Asset Pricing Model; Estimates the expected return on an investment given its systematic risk
CLS	Created Leasable Spaces; Leasable spaces that not contributed to Gross Leasable Area (i.e., stalls)
Comparable companies	Publicly traded companies that are of similar characteristics (such as size, business of operations, or risks) and industry to the enterprise being valued
Comparable Public Companies Method	Valuation method that involves identification of publicly listed companies that are reasonably comparable to the subject company, and analysis of the valuation indications that the multiples of comparable companies imply when applied to the subject company
Cost of debt	The effective interest rate used by a company to pay its debts
Cost of equity	The return that stockholders require for a company; also called as required rate of return on equity
CUSA	Common Usage Service Area
Direct Capitalization Method	A real estate appraisal method that helps in converting income into value
Discount rate	A rate of return used to convert a future monetary sum or cash flow into present value
Discounted Cash Flows Analysis	Involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EPS	Earnings per Share
Fairness Opinion	An opinion on whether the financial terms of a proposed corporate transaction are fair to the equity holders of an entity involved
FCFF	Free Cash Flows to the Firm; Represents the cash flows available for distribution to the capital holders of the asset after all operating expenses have been paid and all necessary investments in working capital and fixed assets have been made

Appendix A
Glossary of Terms

Term	Definition
GDP	Gross Domestic Product; The total market value of the goods and services produced by a country's economy during a specified period of time
GICS	Global Industry Classification Standard
GLA	Gross Leasable Area; Amount of floor space available to be rented
IVS	International Valuation Standards
Levered beta	Beta of a firm inclusive of the effects of capital structure
Market capitalization	Measure of the value of a company's value obtained by multiplying the number of shares outstanding by the company's share price
Market risk premium	The difference between the expected return of the market and the risk-free rate of return
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
mn	million
NOI	Net operating income; The amount of income remaining after deducting vacancy and collection losses, and operating expenses from potential gross income
NOPAT	Net Operating Profit After Tax
NTM	Next Twelve Months
Occupancy rate	Ratio of rented or used space to the total amount of available space
PHP	Philippine Peso
POGO	Philippine Offshore Gaming Operator
Raw beta	Historical beta that represents the relationship of a security's return and return of an index
REIT	Real Estate Investment Trust; A company that owns, operates, or finances income-generating real estate.
Rent roll	Comprehensive list of rental units owned by a landlord providing details such as the unit number and current tenants' lease arrangements

Appendix A
Glossary of Terms

Term	Definition
Risk-free rate	The rate of return with zero risk; represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time
Risk premium	Excess return above the risk-free rate of risky assets
sqm	Square meter
Unlevered beta	Beta of a company without debt; removes the financial effect of leverage
Vacancy Rate	Ratio of vacant or unoccupied space to the total amount of available space
Valuation	The process of establishing the value of an asset or liability
Valuation approach	One of three principal ways of estimating value; each valuation approach includes different methods that may be used to apply the principles of the approach to specific asset types or situations
Valuation Date	The date on which the opinion of value applies
VWAP	Volume Weighted Average Price
VWAP Method	Valuation method that involves analysis of the value of the subject company's shares based on its historical trading volume and price
WACC	Weighted Average Cost of Capital; a calculation of a firm's cost of capital in which each source of capital is proportionately weighted

Appendix B
Selection of Comparable Companies | Properties

Using S&P Capital IQ, we obtained the population of public companies which are possibly comparable to the Properties. We selected comparable public companies in the 'Real Estate Management & Development,' 'Real Estate Operating Companies,' and 'Office REITs' industries which operate in Southeast Asia and primarily lease office spaces. The table below presents the selection process of comparable public companies used in the analysis.

Selection Process of Comparable Companies	Number of Comparables Filtered out	Number of Comparables Remaining
(1) Geographic Location: Within Southeast Asia GICS Sub-Industry Classification: Real Estate Management & Development, Real Estate Operating Companies, Office REITs		274
(2) Business Description: Office Space Leasing (majority)	269	5
Final Number of Comparable Companies Used		**5**

Sources: S&P Capital IQ, FTI Consulting Analysis

Appendix B
Selection of Comparable Companies | MREIT

Using S&P Capital IQ, we obtained the population of public companies which are possibly comparable to MREIT. We selected comparable public companies in the 'Diversified REITs' industries which operate in Southeast Asia and have both office and commercial spaces. The table below presents the selection process of comparable public companies used in the analysis.

Selection Process of Comparable Companies	Number of Comparables Filtered out	Number of Comparables Remaining
GICS Industry Classification: Office REITs, Diversified REITs		371
Geographic Location: Within Southeast Asia	328	43
Business Description: Office Space Leasing (majority)	35	8
Final Number of Comparable Companies Used		**8**

For the Comparable Public Companies method, comparable companies were selected from the population of 'Diversified REITs' which operate in the Philippines and have both office and commercial spaces. The table below presents the selection process of comparable public companies used in the analysis.

Selection Process of Comparable Companies	Number of Comparables Filtered out	Number of Comparables Remaining
GICS Industry Classification: Office REITs, Diversified REITs		366
Geographic Location: Within the Philippines	359	7
Business Description: Office Space Leasing (majority)	4	3
Final Number of Comparable Companies Used		**3**

Sources: S&P Capital IQ, FTI Consulting Analysis

Appendix C
Comparable Companies | Properties

Presented below are the selected comparable companies for the valuation of the Properties.

Comparable Companies	Country	Business Description
AREIT, Inc.	Philippines	Golden Ventures Leasehold Real Estate Investment Trust, a real estate investment trust, engages in the rental of properties in Thailand.
IGB Commercial REIT	Malaysia	IGB Commercial REIT provides investment, capital, risk, and acquisition growth management strategy.
Kepwealth Property Phils., Inc.	Philippines	Kepwealth Property Phils., Inc. engages in property leasing and asset management businesses in the Philippines.
KLCC Property Holdings Berhad	Malaysia	KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT), collectively known as KLCCP Stapled Group is Malaysia's largest self-managed stapled security that invests, develops, owns, and manages a stable of iconic and quality assets.
York Arcade Holdings PLC	Sri Lanka	York Arcade Holdings PLC engages in the real estate development business in Sri Lanka.

Sources: S&P Capital IQ

Appendix C
Comparable Companies | MREIT

Presented below are the selected comparable companies for the DCF Method of MREIT.

Comparable Companies	Country	Business Description
AmanahRaya REIT	Malaysia	AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "the Trust") is a Malaysia domiciled real estate investment trust constituted between AmanahRaya-Kenedix REIT Manager Sdn.
AREIT, Inc.	Philippines	Golden Ventures Leasehold Real Estate Investment Trust, a real estate investment trust, engages in the rental of properties in Thailand.
Bualuang Office Leasehold REIT	Thailand	Bualuang Office Leasehold Real Estate Investment Trust operates as a real estate investment trust in Thailand.
Golden Ventures Leasehold REIT	Thailand	Golden Ventures Leasehold Real Estate Investment Trust, a real estate investment trust, engages in the rental of properties in Thailand.
KLCC Property Holdings Berhad	Malaysia	KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT), collectively known as KLCCP Stapled Group is Malaysia's largest self-managed stapled security that invests, develops, owns, and manages a stable of iconic and quality assets.
Thailand Prime Property Freehold and Leasehold REIT	Thailand	Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust is a real estate investment trust externally managed by SCCP REIT Company Limited.
Uoa Real Estate Investment	Malaysia	UOA Real Estate Investment Trust ("UOA REIT" or "Trust") is a real estate trust fund which commenced its operations on 1 December 2005 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 30 December 2005. The principal activity of UOA REIT is to invest in a diversified portfolio of real estate and real estate-related assets used, or predominantly used, for commercial purposes.
WHA Business Complex Freehold and Leasehold REIT	Thailand	WHA Business Complex Freehold and Leasehold Real Estate Investment Trust specializes in real estate investing.

Sources: S&P Capital IQ

Appendix C
Comparable Companies | MREIT

Presented below are the selected comparable companies for the Comparable Public Companies Method of MREIT.

Comparable Companies	Country	Business Description
AREIT, Inc.	Philippines	AREIT, Inc. operates as a real estate investment trust. The Company owns and invests in income-producing commercial portfolio of office, retail, and hotel properties. AREIT serves clients in Philippines.
Filinvest REIT Corp.	Philippines	Filinvest REIT Corp. operates as a real estate investment trust. The Company owns and operates office buildings which cater mainly to technology-based companies, including those engaged in the business process outsourcing industry and knowledge process outsourcing. Filinvest REIT provides its services throughout Philippines.
RL Commercial REIT, Inc	Philippines	RL Commercial REIT, Inc., a real estate company, invests in various real estate properties. The company was formerly known as Robinsons Realty and Management Corporation and changed its name to RL Commercial REIT, Inc.

Sources: S&P Capital IQ

Appendix D
Unlevered Beta Computation | Properties

The unlevered beta was derived from the average unlevered beta of comparable publicly traded companies, as follows. To determine the unlevered betas of comparable companies, the following formula is used:

$\beta_U = \beta_\alpha \div [1 + (1 - T)(D/MC)]$ where: β_U = Unlevered beta of comparable company

β_α= Adjusted beta of comparable company

T = Effective tax rate of comparable company

D/MC = Debt-to-market-capitalization ratio of comparable companies

Comparable Companies	Adjusted Beta [1]	Debt-to-MC	Effective Tax Rate (%)	Unlevered Beta
AREIT, Inc.	0.48	0.02	0.02	0.47
IGB Commercial REIT	0.50	0.60	24.00	0.31
Kepwealth Property Phils., Inc.	0.55	NM	12.05	0.55
KLCC Property Holdings Berhad	0.47	0.28	12.29	0.38
York Arcade Holdings PLC	0.36	0.00	54.55	0.36
Average	**0.47**	**0.18**	**20.58**	**0.41**

[1] 5-year weekly beta of the comparable companies from the Valuation Date adjusted using the Blume Method

Sources: S&P Capital IQ, FTI Consulting Analysis

Appendix D
Unlevered Beta Computation | MREIT

The unlevered beta was derived from the average unlevered beta of comparable publicly traded companies. To determine the unlevered betas of comparable companies, the following formula is used:

$\beta_U = \beta_\alpha \div [1 + (1 - T)\ (D/MC)]$

where: β_U = Unlevered beta of comparable company

β_α= Adjusted beta of comparable company

T = Effective tax rate of comparable company

D/MC = Debt-to-market-capitalization ratio of comparable companies

Please see table below for the computed unlevered beta for the valuation of MREIT.

Comparable Companies	Adjusted Beta [1]	Debt-to-MC	Effective Tax Rate (%)	Unlevered Beta
AmanahRaya REIT	0.49	2.77	24.00	0.16
AREIT, Inc.	0.48	0.02	0.02	0.47
Bualuang Office Leasehold REIT	0.52	0.42	20.00	0.39
Golden Ventures Leasehold REIT	0.61	0.50	-	0.40
KLCC Property Holdings Berhad	0.47	0.28	12.29	0.38
Thailand Prime Property Freehold and Leasehold REIT	0.51	0.59	21.36	0.35
Uoa Real Estate Investment	0.44	1.23	24.00	0.23
WHA Business Complex Freehold and Leasehold REIT	0.46	0.40	-	0.33
Average	0.50	0.78	13.00	0.34

[1] 5-year weekly beta of the comparable companies from the Valuation Date adjusted using the Blume Method

Sources: S&P Capital IQ, FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

One Campus Place A

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	28.16	94.49	108.82	102.36	109.20	111.15	103.25	117.47	108.68	124.13	127.99
(-) Cost of Services	(28.82)	(29.77)	(31.79)	(32.73)	(34.46)	(35.99)	(37.05)	(39.40)	(40.56)	(43.14)	(45.17)
Gross Profit	**(0.66)**	**64.71**	**77.03**	**69.64**	**74.74**	**75.17**	**66.21**	**78.08**	**68.12**	**80.99**	**82.83**
(-) Operating Expenses	(3.92)	(5.71)	(6.00)	(6.30)	(6.61)	(6.94)	(7.29)	(7.66)	(8.04)	(8.44)	(8.86)
EBIT	**(4.58)**	**59.00**	**71.03**	**63.34**	**68.13**	**68.22**	**58.92**	**70.42**	**60.08**	**72.55**	**73.96**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	12.01	(5.97)	0.16	1.36	0.73	1.02	1.65	0.38	1.87	0.49	1.22
(-) Capital Expenditures	0.46	(5.90)	(7.10)	(6.33)	(6.81)	(6.82)	(5.89)	(7.04)	(6.01)	(7.25)	(7.40)
Total Cash Flows to the Firm	**7.88**	**47.13**	**64.08**	**58.36**	**62.05**	**62.42**	**54.67**	**63.76**	**55.94**	**65.78**	**67.79**
(+) Terminal Value											983.48
Total CFs to Firm + TV	**7.88**	**47.13**	**64.08**	**58.36**	**62.05**	**62.42**	**54.67**	**63.76**	**55.94**	**65.78**	**1,051.27**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**7.79**	**43.84**	**54.14**	**44.81**	**43.23**	**39.51**	**31.42**	**33.34**	**26.52**	**28.32**	**411.12**

Market Value of the Property	**764.05**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

One Campus Place B

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	34.71	128.37	129.38	123.12	126.25	130.30	134.39	137.84	142.08	145.74	150.22
(-) Cost of Services	(29.09)	(31.46)	(32.73)	(33.67)	(35.19)	(36.82)	(38.53)	(40.28)	(42.14)	(44.06)	(46.11)
Gross Profit	**5.62**	**96.91**	**96.65**	**89.45**	**91.06**	**93.48**	**95.87**	**97.57**	**99.94**	**101.68**	**104.11**
(-) Operating Expenses	(6.28)	(6.87)	(7.22)	(7.58)	(7.96)	(8.36)	(8.77)	(9.21)	(9.67)	(10.16)	(10.66)
EBIT	**(0.66)**	**90.04**	**89.43**	**81.87**	**83.10**	**85.13**	**87.09**	**88.36**	**90.27**	**91.53**	**93.45**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	12.88	(7.61)	0.91	1.34	0.93	0.89	0.95	0.99	1.11	1.16	1.18
(-) Capital Expenditures	0.07	(9.00)	(8.94)	(8.19)	(8.31)	(8.51)	(8.71)	(8.84)	(9.03)	(9.15)	(9.34)
Total Cash Flows to the Firm	**12.28**	**73.43**	**81.40**	**75.03**	**75.72**	**77.51**	**79.33**	**80.51**	**82.35**	**83.53**	**85.28**
(+) Terminal Value											1,237.20
Total CFs to Firm + TV	**12.28**	**73.43**	**81.40**	**75.03**	**75.72**	**77.51**	**79.33**	**80.51**	**82.35**	**83.53**	**1,322.49**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**12.13**	**68.30**	**68.77**	**57.61**	**52.76**	**49.05**	**45.60**	**42.10**	**39.04**	**35.97**	**517.19**

Market Value of the Property	**988.53**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

Science Hub Tower 1

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	59.54	240.43	250.25	259.86	263.18	255.70	248.53	254.71	262.66	269.23	275.72
(-) Cost of Services	(50.79)	(61.16)	(64.09)	(67.14)	(69.96)	(72.33)	(74.84)	(78.24)	(81.89)	(85.63)	(89.52)
Gross Profit	**8.74**	**179.27**	**186.16**	**192.72**	**193.22**	**183.38**	**173.68**	**176.47**	**180.77**	**183.61**	**186.20**
(-) Operating Expenses	(1.81)	(12.88)	(13.53)	(14.20)	(14.91)	(15.66)	(16.44)	(17.26)	(18.13)	(19.03)	(19.98)
EBIT	**6.93**	**166.39**	**172.63**	**178.52**	**178.30**	**167.72**	**157.24**	**159.21**	**162.64**	**164.57**	**166.21**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	19.18	(10.08)	1.35	1.38	1.99	2.64	2.74	1.98	2.20	2.31	2.45
(-) Capital Expenditures	(0.69)	(16.64)	(17.26)	(17.85)	(17.83)	(16.77)	(15.72)	(15.92)	(16.26)	(16.46)	(16.62)
Total Cash Flows to the Firm	**25.42**	**139.68**	**156.72**	**162.05**	**162.46**	**153.59**	**144.25**	**145.27**	**148.58**	**150.43**	**152.04**
(+) Terminal Value											2,205.66
Total CFs to Firm + TV	**25.42**	**139.68**	**156.72**	**162.05**	**162.46**	**153.59**	**144.25**	**145.27**	**148.58**	**150.43**	**2,357.70**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**25.12**	**129.93**	**132.40**	**124.42**	**113.20**	**97.20**	**82.92**	**75.97**	**70.44**	**64.77**	**922.03**

Market Value of the Property	**1,838.40**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

Science Hub Tower 3

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	56.35	238.81	237.29	242.09	246.97	252.35	260.01	266.61	274.89	281.89	290.64
(-) Cost of Services	(50.39)	(58.99)	(61.20)	(63.87)	(66.67)	(69.62)	(72.82)	(76.11)	(79.64)	(83.25)	(87.12)
Gross Profit	**5.96**	**179.82**	**176.09**	**178.22**	**180.30**	**182.74**	**187.19**	**190.50**	**195.25**	**198.64**	**203.52**
(-) Operating Expenses	(5.46)	(12.91)	(13.56)	(14.23)	(14.94)	(15.69)	(16.48)	(17.30)	(18.17)	(19.07)	(20.03)
EBIT	**0.50**	**166.91**	**162.54**	**163.98**	**165.36**	**167.04**	**170.71**	**173.20**	**177.08**	**179.57**	**183.49**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	20.96	(11.64)	1.92	1.57	1.81	1.81	1.78	1.86	2.07	2.17	2.20
(-) Capital Expenditures	(0.05)	(16.69)	(16.25)	(16.40)	(16.54)	(16.70)	(17.07)	(17.32)	(17.71)	(17.96)	(18.35)
Total Cash Flows to the Firm	**21.41**	**138.57**	**148.20**	**149.16**	**150.63**	**152.15**	**155.42**	**157.74**	**161.44**	**163.78**	**167.34**
(+) Terminal Value											2,427.63
Total CFs to Firm + TV	**21.41**	**138.57**	**148.20**	**149.16**	**150.63**	**152.15**	**155.42**	**157.74**	**161.44**	**163.78**	**2,594.97**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**21.16**	**128.90**	**125.21**	**114.53**	**104.95**	**96.29**	**89.34**	**82.49**	**76.53**	**70.52**	**1,014.82**

Market Value of the Property	**1,924.73**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

Science Hub Tower 4

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	65.67	257.20	255.63	257.87	263.87	262.94	268.37	275.17	283.67	290.89	299.87
(-) Cost of Services	(51.93)	(61.20)	(63.46)	(66.06)	(68.98)	(71.65)	(74.81)	(78.19)	(81.81)	(85.52)	(89.49)
Gross Profit	**13.74**	**196.01**	**192.16**	**191.81**	**194.89**	**191.28**	**193.56**	**196.98**	**201.86**	**205.37**	**210.38**
(-) Operating Expenses	(6.33)	(13.79)	(14.48)	(15.21)	(15.97)	(16.77)	(17.61)	(18.49)	(19.41)	(20.38)	(21.40)
EBIT	**7.42**	**182.21**	**177.68**	**176.60**	**178.92**	**174.52**	**175.95**	**178.49**	**182.45**	**184.99**	**188.98**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	21.48	(12.02)	1.97	1.77	1.80	2.23	1.97	1.91	2.12	2.22	2.25
(-) Capital Expenditures	(0.74)	(18.22)	(17.77)	(17.66)	(17.89)	(17.45)	(17.59)	(17.85)	(18.24)	(18.50)	(18.90)
Total Cash Flows to the Firm	**28.16**	**151.97**	**161.88**	**160.71**	**162.83**	**159.29**	**160.32**	**162.55**	**166.32**	**168.71**	**172.34**
(+) Terminal Value											2,500.09
Total CFs to Firm + TV	**28.16**	**151.97**	**161.88**	**160.71**	**162.83**	**159.29**	**160.32**	**162.55**	**166.32**	**168.71**	**2,672.43**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**27.82**	**141.36**	**136.76**	**123.40**	**113.45**	**100.81**	**92.15**	**85.01**	**78.85**	**72.64**	**1,045.12**

Market Value of the Property	**2,017.36**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

8 Campus Place A

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	27.24	108.98	109.64	109.70	112.43	115.29	118.87	121.91	125.69	128.92	132.92
(-) Cost of Services	(11.96)	(20.24)	(20.99)	(21.74)	(22.68)	(23.66)	(24.72)	(25.80)	(26.96)	(28.14)	(29.42)
Gross Profit	**15.28**	**88.74**	**88.64**	**87.96**	**89.75**	**91.63**	**94.15**	**96.11**	**98.73**	**100.78**	**103.50**
(-) Operating Expenses	(4.26)	(6.58)	(6.91)	(7.25)	(7.61)	(7.99)	(8.39)	(8.81)	(9.25)	(9.72)	(10.20)
EBIT	**11.02**	**82.16**	**81.74**	**80.71**	**82.14**	**83.64**	**85.76**	**87.30**	**89.48**	**91.06**	**93.30**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	4.09	(1.68)	0.53	0.58	0.49	0.49	0.48	0.53	0.57	0.61	0.61
(-) Capital Expenditures	(1.10)	(8.22)	(8.17)	(8.07)	(8.21)	(8.36)	(8.58)	(8.73)	(8.95)	(9.11)	(9.33)
Total Cash Flows to the Firm	**14.01**	**72.26**	**74.10**	**73.21**	**74.41**	**75.77**	**77.66**	**79.09**	**81.09**	**82.57**	**84.58**
(+) Terminal Value											1,227.02
Total CFs to Firm + TV	**14.01**	**72.26**	**74.10**	**73.21**	**74.41**	**75.77**	**77.66**	**79.09**	**81.09**	**82.57**	**1,311.60**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**13.84**	**67.22**	**62.60**	**56.21**	**51.85**	**47.95**	**44.64**	**41.36**	**38.44**	**35.55**	**512.93**

Market Value of the Property	**972.60**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

8 Campus Place B

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	25.81	102.71	103.31	103.34	105.89	108.57	111.93	114.78	118.33	121.35	125.11
(-) Cost of Services	(11.34)	(19.18)	(19.89)	(20.60)	(21.49)	(22.42)	(23.43)	(24.45)	(25.55)	(26.67)	(27.87)
Gross Profit	**14.47**	**83.53**	**83.42**	**82.74**	**84.40**	**86.15**	**88.51**	**90.33**	**92.78**	**94.69**	**97.23**
(-) Operating Expenses	(4.06)	(6.26)	(6.58)	(6.90)	(7.25)	(7.61)	(7.99)	(8.39)	(8.81)	(9.25)	(9.71)
EBIT	**10.40**	**77.27**	**76.85**	**75.84**	**77.16**	**78.54**	**80.52**	**81.94**	**83.97**	**85.43**	**87.52**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	3.90	(1.55)	0.50	0.55	0.46	0.47	0.46	0.50	0.54	0.59	0.58
(-) Capital Expenditures	(1.04)	(7.73)	(7.68)	(7.58)	(7.72)	(7.85)	(8.05)	(8.19)	(8.40)	(8.54)	(8.75)
Total Cash Flows to the Firm	**13.26**	**68.00**	**69.67**	**68.80**	**69.90**	**71.16**	**72.93**	**74.25**	**76.11**	**77.48**	**79.35**
(+) Terminal Value											1,151.11
Total CFs to Firm + TV	**13.26**	**68.00**	**69.67**	**68.80**	**69.90**	**71.16**	**72.93**	**74.25**	**76.11**	**77.48**	**1,230.46**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**13.10**	**63.25**	**58.86**	**52.83**	**48.71**	**45.03**	**41.92**	**38.83**	**36.08**	**33.36**	**481.20**

Market Value of the Property	**913.17**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

8 Campus Place C

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	27.29	109.17	109.77	109.77	112.46	115.29	118.84	121.83	125.58	128.76	132.72
(-) Cost of Services	(12.08)	(20.41)	(21.16)	(21.92)	(22.86)	(23.85)	(24.92)	(26.01)	(27.18)	(28.37)	(29.65)
Gross Profit	**15.21**	**88.76**	**88.61**	**87.85**	**89.60**	**91.43**	**93.91**	**95.82**	**98.40**	**100.39**	**103.07**
(-) Operating Expenses	(4.28)	(6.63)	(6.96)	(7.31)	(7.68)	(8.06)	(8.47)	(8.89)	(9.33)	(9.80)	(10.29)
EBIT	**10.93**	**82.13**	**81.64**	**80.54**	**81.92**	**83.37**	**85.45**	**86.94**	**89.07**	**90.59**	**92.78**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	4.14	(1.66)	0.54	0.59	0.50	0.50	0.49	0.54	0.58	0.63	0.62
(-) Capital Expenditures	(1.09)	(8.21)	(8.16)	(8.05)	(8.19)	(8.34)	(8.54)	(8.69)	(8.91)	(9.06)	(9.28)
Total Cash Flows to the Firm	**13.97**	**72.26**	**74.02**	**73.07**	**74.22**	**75.54**	**77.40**	**78.78**	**80.74**	**82.16**	**84.13**
(+) Terminal Value											1,220.41
Total CFs to Firm + TV	**13.97**	**72.26**	**74.02**	**73.07**	**74.22**	**75.54**	**77.40**	**78.78**	**80.74**	**82.16**	**1,304.53**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**13.80**	**67.21**	**62.53**	**56.10**	**51.72**	**47.80**	**44.49**	**41.20**	**38.28**	**35.38**	**510.17**

Market Value of the Property	**968.68**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – Low Estimate | Properties

Southeast Asian Campus

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	136.89	547.57	550.58	550.59	564.10	578.27	596.08	611.12	531.58	645.89	665.76
(-) Cost of Services	(62.01)	(102.36)	(106.14)	(109.93)	(114.66)	(119.62)	(124.99)	(130.43)	(130.89)	(142.26)	(148.69)
Gross Profit	**74.88**	**445.21**	**444.44**	**440.66**	**449.44**	**458.65**	**471.09**	**480.69**	**400.68**	**503.62**	**517.07**
(-) Operating Expenses	(23.52)	(33.27)	(34.93)	(36.68)	(38.51)	(40.43)	(42.46)	(44.58)	(46.81)	(49.15)	(51.61)
EBIT	**51.36**	**411.94**	**409.51**	**403.99**	**410.93**	**418.22**	**428.64**	**436.11**	**353.87**	**454.47**	**465.46**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	21.88	(9.46)	2.71	2.94	2.49	2.52	2.48	2.70	8.55	(2.52)	3.11
(-) Capital Expenditures	(5.14)	(41.19)	(40.95)	(40.40)	(41.09)	(41.82)	(42.86)	(43.61)	(35.39)	(45.45)	(46.55)
Total Cash Flows to the Firm	**68.10**	**361.29**	**371.27**	**366.52**	**372.32**	**378.91**	**388.25**	**395.20**	**327.04**	**406.50**	**422.03**
(+) Terminal Value											6,122.35
Total CFs to Firm + TV	**68.10**	**361.29**	**371.27**	**366.52**	**372.32**	**378.91**	**388.25**	**395.20**	**327.04**	**406.50**	**6,544.38**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**67.28**	**336.07**	**313.67**	**281.42**	**259.43**	**239.80**	**223.17**	**206.66**	**155.04**	**175.03**	**2,559.34**

Market Value of the Property	**4,816.90**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

One Campus Place A

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	28.16	115.89	121.02	126.46	132.71	137.67	143.60	149.03	155.45	161.39	168.39
(-) Cost of Services	(7.14)	(29.78)	(31.19)	(31.63)	(33.10)	(33.61)	(35.19)	(35.75)	(37.43)	(38.04)	(39.83)
Gross Profit	**21.02**	**86.11**	**89.84**	**94.82**	**99.61**	**104.06**	**108.41**	**113.28**	**118.02**	**123.35**	**128.56**
(-) Operating Expenses	(1.33)	(5.44)	(5.65)	(5.80)	(5.97)	(6.20)	(6.45)	(6.71)	(6.98)	(7.26)	(7.56)
EBIT	**19.68**	**80.67**	**84.19**	**89.02**	**93.64**	**97.86**	**101.97**	**106.58**	**111.04**	**116.09**	**121.00**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(5.28)	9.15	0.60	(0.23)	0.57	(0.10)	0.66	(0.14)	0.73	(0.12)	0.72
(-) Capital Expenditures	(0.98)	(4.03)	(4.21)	(4.45)	(4.68)	(4.89)	(5.10)	(5.33)	(5.55)	(5.80)	(6.05)
Total Cash Flows to the Firm	**13.42**	**85.79**	**80.58**	**84.34**	**89.53**	**92.87**	**97.53**	**101.11**	**106.22**	**110.17**	**115.67**
(+) Terminal Value											1,678.00
Total CFs to Firm + TV	**13.42**	**85.79**	**80.58**	**84.34**	**89.53**	**92.87**	**97.53**	**101.11**	**106.22**	**110.17**	**1,793.67**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**13.26**	**79.80**	**68.08**	**64.76**	**62.38**	**58.77**	**56.06**	**52.87**	**50.35**	**47.44**	**701.46**

Market Value of the Property	**1,255.23**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

One Campus Place B

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	34.71	142.07	148.00	153.87	160.65	168.48	176.72	184.59	193.53	202.21	212.02
(-) Cost of Services	(7.43)	(31.05)	(32.38)	(32.97)	(34.57)	(35.28)	(37.03)	(37.85)	(39.73)	(40.62)	(42.64)
Gross Profit	**27.28**	**111.02**	**115.62**	**120.89**	**126.08**	**133.20**	**139.68**	**146.74**	**153.81**	**161.58**	**169.38**
(-) Operating Expenses	(1.60)	(6.55)	(6.70)	(6.98)	(7.31)	(7.59)	(7.95)	(8.33)	(8.74)	(9.16)	(9.60)
EBIT	**25.68**	**104.47**	**108.92**	**113.92**	**118.77**	**125.62**	**131.73**	**138.40**	**145.07**	**152.42**	**159.78**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(4.39)	7.95	0.46	(0.15)	0.62	(0.23)	0.56	(0.18)	0.62	(0.16)	0.61
(-) Capital Expenditures	(1.28)	(5.22)	(5.45)	(5.70)	(5.94)	(6.28)	(6.59)	(6.92)	(7.25)	(7.62)	(7.99)
Total Cash Flows to the Firm	**20.00**	**107.20**	**103.93**	**108.07**	**113.44**	**119.11**	**125.71**	**131.30**	**138.44**	**144.64**	**152.41**
(+) Terminal Value											2,210.95
Total CFs to Firm + TV	**20.00**	**107.20**	**103.93**	**108.07**	**113.44**	**119.11**	**125.71**	**131.30**	**138.44**	**144.64**	**2,363.36**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**19.76**	**99.71**	**87.81**	**82.98**	**79.05**	**75.38**	**72.26**	**68.66**	**65.63**	**62.28**	**924.25**

Market Value of the Property	**1,637.76**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

Science Hub Tower 1

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	59.86	242.49	253.03	263.57	279.61	290.31	303.51	315.75	330.16	343.62	359.36
(-) Cost of Services	(14.00)	(58.99)	(61.94)	(62.86)	(65.41)	(66.84)	(70.11)	(71.44)	(74.93)	(76.40)	(80.14)
Gross Profit	**45.86**	**183.51**	**191.10**	**200.71**	**214.20**	**223.47**	**233.40**	**244.31**	**255.22**	**267.22**	**279.23**
(-) Operating Expenses	(2.78)	(12.27)	(12.94)	(13.28)	(13.16)	(13.99)	(14.66)	(15.30)	(16.03)	(16.74)	(17.55)
EBIT	**43.08**	**171.24**	**178.15**	**187.43**	**201.04**	**209.48**	**218.74**	**229.01**	**239.19**	**250.48**	**261.68**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(10.18)	17.35	1.28	(0.39)	0.47	0.06	1.27	(0.25)	1.39	(0.20)	1.39
(-) Capital Expenditures	(2.15)	(8.56)	(8.91)	(9.37)	(10.05)	(10.47)	(10.94)	(11.45)	(11.96)	(12.52)	(13.08)
Total Cash Flows to the Firm	**30.74**	**180.03**	**170.53**	**177.66**	**191.46**	**199.06**	**209.07**	**217.31**	**228.63**	**237.76**	**249.98**
(+) Terminal Value											3,626.51
Total CFs to Firm + TV	**30.74**	**180.03**	**170.53**	**177.66**	**191.46**	**199.06**	**209.07**	**217.31**	**228.63**	**237.76**	**3,876.50**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**30.37**	**167.46**	**144.07**	**136.41**	**133.41**	**125.98**	**120.18**	**113.64**	**108.38**	**102.37**	**1,516.00**

Market Value of the Property	**2,698.27**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

Science Hub Tower 3

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	61.79	251.06	262.94	273.51	286.37	298.83	313.10	326.61	342.30	357.25	374.53
(-) Cost of Services	(13.82)	(57.48)	(60.24)	(61.37)	(64.29)	(65.60)	(68.84)	(70.27)	(73.75)	(75.33)	(79.06)
Gross Profit	**47.97**	**193.58**	**202.69**	**212.14**	**222.08**	**233.23**	**244.26**	**256.34**	**268.55**	**281.93**	**295.47**
(-) Operating Expenses	(3.01)	(12.30)	(12.81)	(13.35)	(13.88)	(14.50)	(15.19)	(15.87)	(16.63)	(17.37)	(18.21)
EBIT	**44.96**	**181.28**	**189.88**	**198.79**	**208.20**	**218.74**	**229.08**	**240.47**	**251.92**	**264.56**	**277.26**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(8.75)	15.63	1.00	(0.23)	1.08	(0.22)	1.14	(0.29)	1.25	(0.26)	1.23
(-) Capital Expenditures	(2.25)	(9.06)	(9.49)	(9.94)	(10.41)	(10.94)	(11.45)	(12.02)	(12.60)	(13.23)	(13.86)
Total Cash Flows to the Firm	**33.96**	**187.84**	**181.39**	**188.62**	**198.87**	**207.58**	**218.76**	**228.16**	**240.57**	**251.07**	**264.62**
(+) Terminal Value											3,838.91
Total CFs to Firm + TV	**33.96**	**187.84**	**181.39**	**188.62**	**198.87**	**207.58**	**218.76**	**228.16**	**240.57**	**251.07**	**4,103.54**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**33.56**	**174.73**	**153.25**	**144.82**	**138.57**	**131.37**	**125.75**	**119.31**	**114.05**	**108.10**	**1,604.79**

Market Value of the Property	**2,848.29**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

Science Hub Tower 4

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	65.84	267.97	276.33	283.89	293.63	305.32	318.55	330.87	345.25	358.74	374.40
(-) Cost of Services	(14.25)	(59.55)	(62.19)	(63.20)	(65.83)	(66.22)	(69.42)	(70.78)	(74.20)	(75.69)	(79.35)
Gross Profit	**51.59**	**208.42**	**214.14**	**220.70**	**227.80**	**239.11**	**249.13**	**260.09**	**271.05**	**283.05**	**295.05**
(-) Operating Expenses	(3.15)	(13.14)	(13.71)	(14.29)	(14.69)	(14.43)	(15.12)	(15.79)	(16.55)	(17.29)	(18.12)
EBIT	**48.44**	**195.28**	**200.43**	**206.40**	**213.11**	**224.68**	**234.01**	**244.30**	**254.50**	**265.76**	**276.93**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(8.57)	15.62	1.26	(0.02)	1.17	(0.87)	1.21	(0.23)	1.33	(0.18)	1.33
(-) Capital Expenditures	(2.42)	(9.76)	(10.02)	(10.32)	(10.66)	(11.23)	(11.70)	(12.21)	(12.73)	(13.29)	(13.85)
Total Cash Flows to the Firm	**37.45**	**201.14**	**191.66**	**196.06**	**203.62**	**212.57**	**223.52**	**231.86**	**243.11**	**252.29**	**264.41**
(+) Terminal Value											3,835.83
Total CFs to Firm + TV	**37.45**	**201.14**	**191.66**	**196.06**	**203.62**	**212.57**	**223.52**	**231.86**	**243.11**	**252.29**	**4,100.24**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**37.00**	**187.10**	**161.93**	**150.54**	**141.88**	**134.53**	**128.48**	**121.25**	**115.25**	**108.63**	**1,603.50**

Market Value of the Property	**2,890.07**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

8 Campus Place A

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	27.24	108.98	109.64	109.70	112.43	115.31	118.90	121.95	125.74	128.98	133.00
(-) Cost of Services	(4.70)	(19.56)	(20.05)	(20.06)	(20.68)	(21.01)	(21.94)	(22.36)	(23.35)	(23.80)	(24.86)
Gross Profit	**22.54**	**89.42**	**89.58**	**89.64**	**91.75**	**94.30**	**96.96**	**99.59**	**102.39**	**105.18**	**108.14**
(-) Operating Expenses	(1.58)	(6.26)	(6.34)	(6.34)	(6.41)	(6.59)	(6.90)	(7.15)	(7.49)	(7.77)	(8.14)
EBIT	**20.96**	**83.16**	**83.25**	**83.30**	**85.34**	**87.71**	**90.05**	**92.44**	**94.90**	**97.41**	**100.00**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(1.70)	3.56	0.32	(0.02)	0.23	(0.03)	0.38	0.01	0.42	0.03	0.43
(-) Capital Expenditures	(1.05)	(4.16)	(4.16)	(4.17)	(4.27)	(4.39)	(4.50)	(4.62)	(4.74)	(4.87)	(5.00)
Total Cash Flows to the Firm	**18.22**	**82.56**	**79.41**	**79.12**	**81.31**	**83.30**	**85.93**	**87.82**	**90.57**	**92.57**	**95.43**
(+) Terminal Value											1,384.44
Total CFs to Firm + TV	**18.22**	**82.56**	**79.41**	**79.12**	**81.31**	**83.30**	**85.93**	**87.82**	**90.57**	**92.57**	**1,479.87**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**18.00**	**76.80**	**67.09**	**60.75**	**56.65**	**52.72**	**49.39**	**45.93**	**42.94**	**39.86**	**578.74**

Market Value of the Property	**1,088.86**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

8 Campus Place B

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	25.81	103.29	103.94	104.04	106.66	109.42	112.86	115.80	119.46	122.60	126.48
(-) Cost of Services	(4.46)	(18.57)	(19.03)	(19.04)	(19.63)	(19.95)	(20.84)	(21.24)	(22.18)	(22.62)	(23.62)
Gross Profit	**21.35**	**84.72**	**84.91**	**85.00**	**87.02**	**89.46**	**92.03**	**94.57**	**97.28**	**99.98**	**102.86**
(-) Operating Expenses	(1.50)	(5.96)	(6.03)	(6.04)	(6.11)	(6.28)	(6.58)	(6.82)	(7.14)	(7.41)	(7.76)
EBIT	**19.84**	**78.76**	**78.87**	**78.96**	**80.91**	**83.19**	**85.45**	**87.75**	**90.14**	**92.58**	**95.10**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(1.59)	3.39	0.30	(0.02)	0.22	(0.03)	0.36	0.01	0.40	0.03	0.41
(-) Capital Expenditures	(0.99)	(3.94)	(3.94)	(3.95)	(4.05)	(4.16)	(4.27)	(4.39)	(4.51)	(4.63)	(4.75)
Total Cash Flows to the Firm	**17.26**	**78.21**	**75.23**	**75.00**	**77.09**	**79.00**	**81.53**	**83.37**	**86.03**	**87.98**	**90.75**
(+) Terminal Value											1,316.51
Total CFs to Firm + TV	**17.26**	**78.21**	**75.23**	**75.00**	**77.09**	**79.00**	**81.53**	**83.37**	**86.03**	**87.98**	**1,407.26**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**17.06**	**72.75**	**63.56**	**57.58**	**53.71**	**50.00**	**46.87**	**43.60**	**40.78**	**37.88**	**550.34**

Market Value of the Property	**1,034.13**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

8 Campus Place C

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	27.29	109.17	109.77	109.77	112.46	115.29	118.84	121.83	125.58	128.76	132.72
(-) Cost of Services	(4.74)	(19.73)	(20.21)	(20.21)	(20.84)	(21.17)	(22.11)	(22.52)	(23.52)	(23.97)	(25.03)
Gross Profit	**22.55**	**89.45**	**89.56**	**89.56**	**91.62**	**94.12**	**96.73**	**99.31**	**102.06**	**104.79**	**107.69**
(-) Operating Expenses	(1.59)	(6.32)	(6.39)	(6.39)	(6.47)	(6.64)	(6.96)	(7.21)	(7.55)	(7.83)	(8.21)
EBIT	**20.96**	**83.13**	**83.17**	**83.17**	**85.15**	**87.48**	**89.77**	**92.10**	**94.51**	**96.96**	**99.48**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(1.72)	3.65	0.33	(0.01)	0.24	(0.02)	0.39	0.01	0.43	0.04	0.45
(-) Capital Expenditures	(1.05)	(4.16)	(4.16)	(4.16)	(4.26)	(4.37)	(4.49)	(4.61)	(4.73)	(4.85)	(4.97)
Total Cash Flows to the Firm	**18.20**	**82.62**	**79.34**	**78.99**	**81.14**	**83.08**	**85.67**	**87.51**	**90.22**	**92.15**	**94.95**
(+) Terminal Value											1,377.51
Total CFs to Firm + TV	**18.20**	**82.62**	**79.34**	**78.99**	**81.14**	**83.08**	**85.67**	**87.51**	**90.22**	**92.15**	**1,472.47**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**17.98**	**76.85**	**67.03**	**60.65**	**56.54**	**52.58**	**49.24**	**45.76**	**42.77**	**39.68**	**575.84**

Market Value of the Property	**1,084.92**

Sources: FTI Consulting Analysis

Appendix E
DCF Summary – High Estimate | Properties

Southeast Asian Campus

Amounts in PHP Millions (except Present Value Factors)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	136.89	547.57	550.59	550.61	564.12	578.30	596.12	611.17	531.64	645.96	665.85
(-) Cost of Services	(23.77)	(98.92)	(101.37)	(101.37)	(104.52)	(106.16)	(110.86)	(112.95)	(112.54)	(120.22)	(125.54)
Gross Profit	**113.12**	**448.65**	**449.22**	**449.23**	**459.60**	**472.14**	**485.26**	**498.22**	**419.10**	**525.75**	**540.31**
(-) Operating Expenses	(7.98)	(31.68)	(32.05)	(32.05)	(32.43)	(33.30)	(34.89)	(36.15)	(37.89)	(39.27)	(41.16)
EBIT	**105.14**	**416.97**	**417.17**	**417.19**	**427.17**	**438.84**	**450.37**	**462.07**	**381.21**	**486.48**	**499.15**
[-] Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(-) Working Capital Requirements	(8.61)	18.29	1.65	(0.07)	1.20	(0.13)	1.94	0.06	7.81	(5.47)	2.23
(-) Capital Expenditures	(5.26)	(20.85)	(20.86)	(20.86)	(21.36)	(21.94)	(22.52)	(23.10)	(19.06)	(24.32)	(24.96)
Total Cash Flows to the Firm	**91.27**	**414.40**	**397.96**	**396.26**	**407.02**	**416.77**	**429.79**	**439.03**	**369.97**	**456.68**	**476.42**
(+) Terminal Value											6,911.45
Total CFs to Firm + TV	**91.27**	**414.40**	**397.96**	**396.26**	**407.02**	**416.77**	**429.79**	**439.03**	**369.97**	**456.68**	**7,387.87**
Present Value Factor	0.99	0.93	0.84	0.77	0.70	0.63	0.57	0.52	0.47	0.43	0.39
Total Discounted Cash Flows to the Firm	**90.17**	**385.48**	**336.22**	**304.25**	**283.60**	**263.76**	**247.05**	**229.59**	**175.39**	**196.63**	**2,889.20**

Market Value of the Property	**5,401.35**

Sources: FTI Consulting Analysis

Appendix F
DCM Summary | Properties

Amounts in PHP millions	1CPA	1CPB	SHT1	SHT3	SHT4	8CPA	8CPB	8CPC	SEAC
Operating Year	**2026**	**2026**	**2026**	**2026**	**2026**	**2026**	**2026**	**2026**	**2026**
Low Case									
Revenues	94.49	128.37	240.43	238.81	257.20	108.98	102.71	109.17	547.57
(-) Cost of Services	(29.77)	(31.46)	(61.16)	(58.99)	(61.20)	(20.24)	(19.18)	(20.41)	(102.36)
(-) Operating Expenses	(5.71)	(6.87)	(12.88)	(12.91)	(13.79)	(6.58)	(6.26)	(6.63)	(33.27)
(-) Capital Expenditures	(5.90)	(9.00)	(16.64)	(16.69)	(18.22)	(8.22)	(7.73)	(8.21)	(41.19)
Net Operating Income	53.10	81.04	149.75	150.22	163.99	73.95	69.54	73.92	370.75
Terminal Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Discount Rate	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%
Capitalization Rate	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**
DCM – Low Case	**747.91**	**1,141.36**	**2,109.19**	**2,115.72**	**2,309.72**	**1,041.53**	**979.49**	**1,041.06**	**5,221.77**
High Case									
Revenues	115.89	142.07	242.49	251.06	267.97	108.98	103.29	109.17	547.57
(-) Cost of Services	(29.78)	(31.05)	(58.99)	(57.48)	(59.55)	(19.56)	(18.57)	(19.73)	(98.92)
(-) Operating Expenses	(5.44)	(6.55)	(12.27)	(12.30)	(13.14)	(6.26)	(5.96)	(6.32)	(31.68)
(-) Capital Expenditures	(4.03)	(5.22)	(8.56)	(9.06)	(9.76)	(4.16)	(3.94)	(4.16)	(20.85)
Net Operating Income	76.63	99.25	162.68	172.22	185.52	79.00	74.82	78.97	396.12
Terminal Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Discount Rate	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%
Capitalization Rate	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**	**7.10%**
DCM – High Case	**1,079.35**	**1,397.83**	**2,291.21**	**2,425.59**	**2,612.91**	**1,112.66**	**1,053.81**	**1,112.30**	**5,579.12**

Sources: FTI Consulting Analysis

Appendix G
DCF Summary – Low Estimate | MREIT

Amounts in PHP millions	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues	1,327.15	5,458.10	5,619.87	5,765.12	5,932.49	6,109.77	6,291.70	6,474.90	6,666.30	6,874.58
[-] Cost of Services	(326.64)	(1,409.31)	(1,462.57)	(1,516.70)	(1,574.75)	(1,635.11)	(1,697.28)	(1,762.50)	(1,831.02)	(1,902.95)
[-] Other Operating Expenses	(13.58)	(56.66)	(58.93)	(61.28)	(63.80)	(66.38)	(69.03)	(71.85)	(74.90)	(78.13)
EBITDA	**986.93**	**3,992.13**	**4,098.37**	**4,187.14**	**4,293.94**	**4,408.29**	**4,525.39**	**4,640.55**	**4,760.38**	**4,893.49**
[-] Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NOPAT	**986.93**	**3,992.13**	**4,098.37**	**4,187.14**	**4,293.94**	**4,408.29**	**4,525.39**	**4,640.55**	**4,760.38**	**4,893.49**
[-] Working Capital Requirements	(31.47)	(444.42)	(26.07)	(28.43)	(29.32)	(30.14)	(31.13)	(33.43)	(35.23)	(36.23)
[-] Capital Expenditures	(98.69)	(399.21)	(409.84)	(418.71)	(429.39)	(440.83)	(452.54)	(464.06)	(476.04)	(489.35)
Total Free Cash Flows to the Firm	**856.77**	**3,148.50**	**3,662.47**	**3,739.99**	**3,835.23**	**3,937.32**	**4,041.72**	**4,143.07**	**4,249.11**	**4,367.91**
[+] Terminal Value										68,165.86
Total Free Cash Flows to the Firm with TV	**856.77**	**3,148.50**	**3,662.47**	**3,739.99**	**3,835.23**	**3,937.32**	**4,041.72**	**4,143.07**	**4,249.11**	**72,533.77**
Present Value Factor	0.99	0.93	0.85	0.78	0.71	0.65	0.59	0.54	0.49	0.45
Discounted Free Cash Flows to the Firm	**846.93**	**2,938.76**	**3,119.06**	**2,905.73**	**2,718.38**	**2,546.30**	**2,384.87**	**2,230.26**	**2,086.73**	**32,501.09**

Estimated Operating Value	**54,278.11**
Add: Cash	1,819.38
Less: Debt	(7,216.26)
Add/Less: Non-operating assets and liabilities	167.29
Estimated Equity Value	**49,048.53**

Source: FTI Consulting Analysis

Appendix G
DCF Summary – High Estimate | MREIT

Amounts in PHP millions	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues	1,332.60	5,581.83	5,856.16	6,153.37	6,449.39	6,759.55	7,087.47	7,428.11	7,781.26	8,149.76
[-] Cost of Services	(326.94)	(1,411.96)	(1,466.55)	(1,522.41)	(1,582.31)	(1,644.36)	(1,708.57)	(1,776.04)	(1,846.61)	(1,920.04)
[-] Other Operating Expenses	(13.58)	(56.66)	(58.78)	(60.73)	(63.23)	(65.78)	(68.36)	(71.15)	(74.17)	(77.37)
EBITDA	**992.08**	**4,113.21**	**4,330.84**	**4,570.22**	**4,803.86**	**5,049.40**	**5,310.54**	**5,580.92**	**5,860.47**	**6,152.35**
[-] Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NOPAT	**992.08**	**4,113.21**	**4,330.84**	**4,570.22**	**4,803.86**	**5,049.40**	**5,310.54**	**5,580.92**	**5,860.47**	**6,152.35**
[-] Working Capital Requirements	(31.39)	(434.30)	(15.71)	(14.41)	(17.74)	(18.03)	(17.95)	(19.26)	(20.47)	(21.19)
[-] Capital Expenditures	(49.60)	(205.66)	(216.54)	(228.51)	(240.19)	(252.47)	(265.53)	(279.05)	(293.02)	(307.62)
Total Free Cash Flows to the Firm	**911.08**	**3,473.25**	**4,098.58**	**4,327.30**	**4,545.92**	**4,778.90**	**5,027.06**	**5,282.61**	**5,546.99**	**5,823.55**
[+] Terminal Value										90,882.63
Total Free Cash Flows to the Firm with TV	**911.08**	**3,473.25**	**4,098.58**	**4,327.30**	**4,545.92**	**4,778.90**	**5,027.06**	**5,282.61**	**5,546.99**	**96,706.18**
Present Value Factor	0.99	0.93	0.85	0.78	0.71	0.65	0.59	0.54	0.49	0.45
Discounted Free Cash Flows to the Firm	**900.62**	**3,241.87**	**3,490.47**	**3,362.03**	**3,222.12**	**3,090.56**	**2,966.28**	**2,843.69**	**2,724.11**	**43,332.32**

Estimated Operating Value	**69,174.07**
Add: Cash	1,819.38
Less: Debt	(7,216.26)
Add/Less: Non-operating assets and liabilities	167.29
Estimated Equity Value	**63,944.48**

Source: FTI Consulting Analysis



About FTI Consulting Philippines, Inc.

FTI CONSULTING

FTI Consulting Philippines at a Glance

FTI Consulting Philippines, Inc. (FTI PH) is a financial/business advisory firm assisting clients with major events that can significantly influence the reputation and valuation of their organization. We help companies **build**, **grow**, **defend**, or **repair** their businesses.

FTI PH is a 100 percent Filipino-owned company with an exclusive franchise agreement with **FTI Consulting, Inc.**, a US-based global consulting firm listed on the New York Stock Exchange (NYSE: FCN). FTI PH was incorporated in 2006.

What Makes us Unique

Definitive Expertise

FTI PH employs **highly qualified professionals** particularly, MBAs, CPAs, and CFA charterholders with extensive, practical experience in applying that expertise to generate a decisive impact.

Accredited by SEC and PSE

FTI PH is accredited by the **Securities and Exchange Commission** (SEC) for the valuation of shares of stock and intangible assets, and is also accredited by the **Philippine Stock Exchange** (PSE) to issue fairness opinions and valuation reports of listed companies of the Exchange.

A Culture that Delivers

Our culture and working style reflect a **bias for the tangible** and a **tenacity for solutions** that make a meaningful difference. Our practices, as standalone offerings and comprehensive solutions, address the many interconnected issues our clients face.

Wide Client Reach

Our clients encompass a **diverse spectrum** of global and domestic: publicly-listed companies, financial institutions, family-owned corporations, funds/investors, and government-owned and controlled corporations.

Our Services

- Lead M&A Advisory
- Infrastructure Advisory
- Corporate & Debt Restructuring
- Valuations
- Fairness Opinion
- Purchase Price Allocation
- Financial Model Preparation
- Financial Model Review
- Financial Due Diligence
- Funds Advisory
- Distressed Debt Advisory

Industry Experience



Comprehensive Services

LEAD M&A AND INFRASTRUCTURE ADVISORY

As a trusted partner to companies, boards of directors, investors, lenders, and creditors around the world, the Corporate Finance & Restructuring segment is focused on delivering **restructuring**, **business transformation**, and **transaction solutions**. Committed to our clients' success, our award-winning professionals address the full spectrum of financial, operational, and transactional risks and opportunities across diverse industries. Among our core strengths is providing expertise in guiding companies through the value-creation life cycle.

VALUATION/PURCHASE PRICE ALLOCATION

We capitalize on our technical proficiency and extensive knowledge in various industries in **valuing shares of stock** and **intangible assets**. We utilize three general approaches to valuation: income, market, and cost approaches. We also provide post-acquisition support to clients through an independent **purchase price allocation** of their acquired assets and assumed liabilities, as part of their financial reporting requirements.

FINANCIAL MODEL PREPARATION AND REVIEW

We assist clients in their financial modeling needs through either **financial model construction** or **review**. Financial model construction involves preparing a model based on the needs of the client, using the project documents and/or technical studies commissioned by a client to evaluate a project. Our expertise in building financial models allows us to conduct an effective review of the models of other parties. We provide critical feedback to clients by assessing the integrity and structure of the model, checking for calculation errors, and documenting findings for immediate and future reference.

RESTRUCTURING

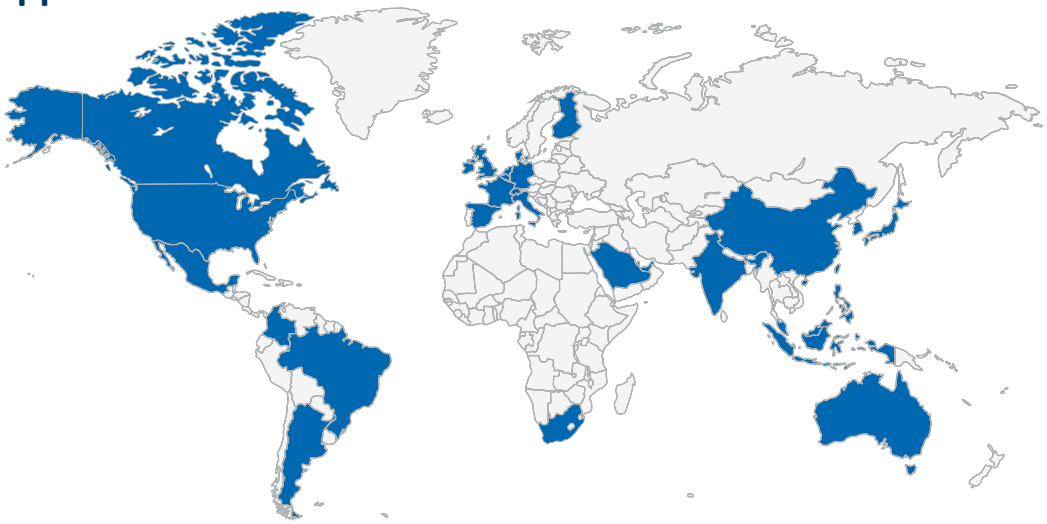
As one of the most well known names in the industry, we bring credibility and a proven track record of results to rebuild or extract value from underperforming companies. FTI PH has expertise in providing the following services: **performance improvement**, **CRO** (Chief Restructuring Officer)/**Interim Management**, **Restructuring Advisory**, and **Liquidity Management**. An objective third party specializing in rebuilding value is often the catalyst necessary to revitalize a company.

OTHER SERVICES

FTI PH's expertise extends to other services including **distressed debt advisory**, **financial due diligence**, **funds advisory**, and other transaction-related services.

Our Global Reach

With offices in every major financial center and every corner of the globe, we successfully serve our clients wherever challenges and opportunities arise.



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Great Neck
Houston
Indianapolis
Irvine
Las Vegas
Los Angeles
McLean
Miami
Milwaukee
New York
Oakland
Palm Beach
Philadelphia
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Portland
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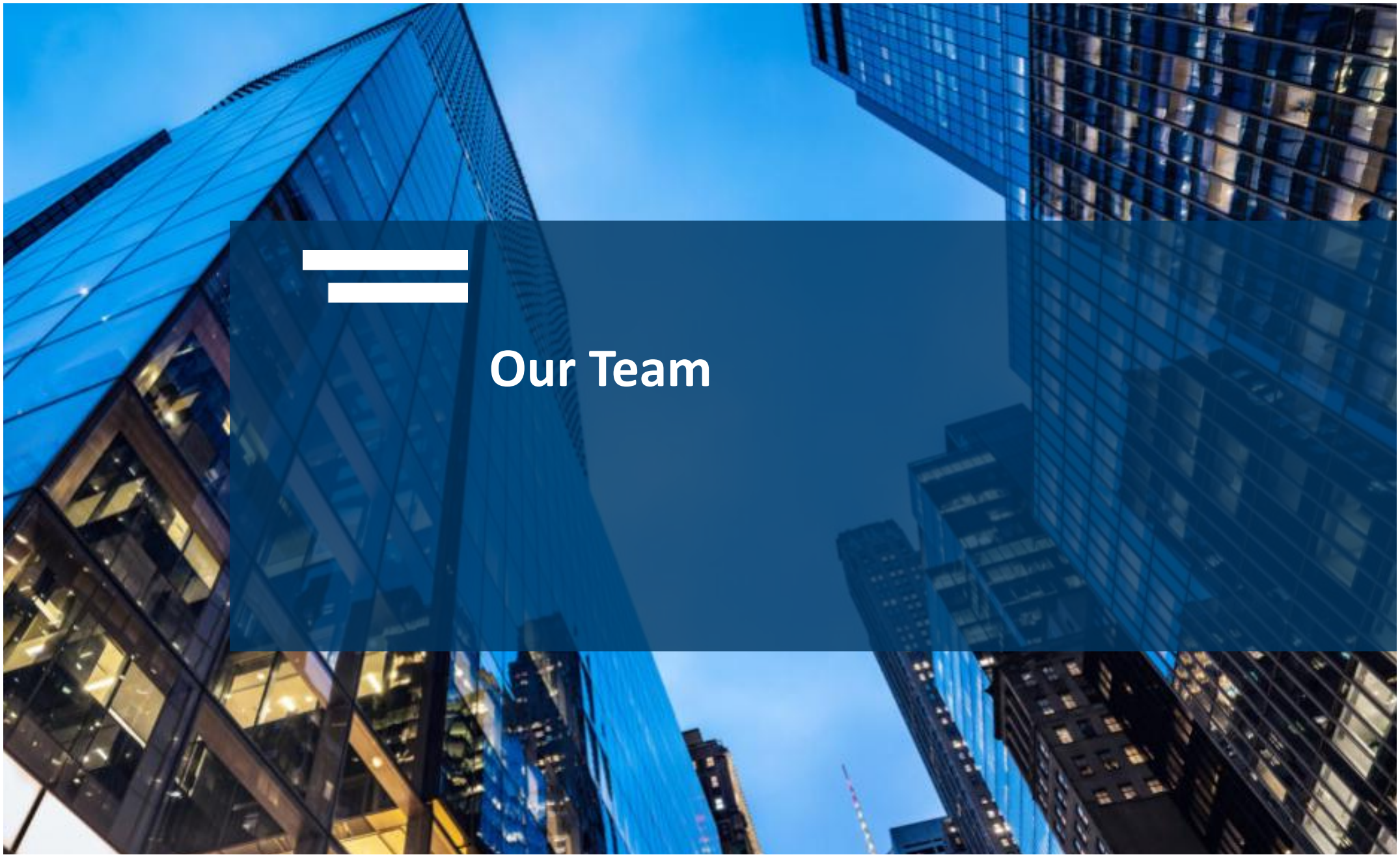
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1. Affiliate



Our Team

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Location
Manila, Philippines

Certifications
Certified Public Accountant
Licensed Real Estate Broker
Fellow - Institute of Corporate Directors (ICD)

Professional Affiliations
Finance Executives of the Philippines
Philippine Institute of Certified Public Accountants

Education
MBA – Wharton Business School
MA in International Studies – Lauder Institute of Management and International Studies, University of Pennsylvania
BS Business Administration and Accountancy, University of the Philippines

Dominador (Butch) Gregorio III is a Senior Managing Director in FTI Consulting Philippines’ Corporate Finance practice, based in Manila, Philippines. He has more than 30 years of professional experience in restructuring, transaction support, mergers and acquisitions (“M&A”), and financial advisory.

Mr. Gregorio has advised clients in healthy and distressed situations in connection with M&A, debt restructuring, corporate reorganizations, recapitalizations, funds advisory, and strategic business issues.

Mr. Gregorio’s experience covers all aspects of financial and operating transaction support, including business enterprise valuation, identifying value drivers and risk issues critical to the investment decision, structuring considerations, due diligence of the quality of earnings, cash flows, and balance sheet, fairness opinions, project finance, supporting negotiating financing covenants, advice on sale and purchase agreements, forensic investigation, business process reviews, interim management roles, and corporate directorships. He is an independent director of Sun Life Investment Management & Trust Corporation and Home Credit Philippines.

Prior to joining, Mr. Gregorio provided similar services as a partner and head of the Financial Advisory Services group for Deloitte in Almaty, Kazakhstan. From 2003 to 2007, he was the COO and Managing Director of Ernst & Young Transaction Advisory Services, Inc. in the Philippines. He was a partner in SGV & Co. and head of the Corporate Finance Division. Mr. Gregorio spent seven years with Citicorp Real Estate, Inc. (Citibank N.A.) in New York, Minneapolis, and Dallas, U.S.A. He represented a hedge fund as a member of the board of directors of a listed real estate company, which was eventually sold.

Relevant Experience

- Buy-side M&A advisory for the purchase of Wizards Group by NTT Data which included structuring, valuation, due diligence, and negotiations until financial closing
- Sell-side advisor for the successful disposition of 100 percent of Country Builders Bank, a 36-branch Metro Manila-based rural bank
- Financial advisory and due diligence on the potential acquisition of Chemphil Industries
- Sell-side advisor on the successful sale of a distributor of medical devises to a foreign buyer.
- Financial advisor to the buyers of National Life Insurance Corporation in successful bidding through the Insurance Commission
- Fairness opinion and valuation engagement for the property-for-share swap of a listed energy company for an international renewable energy portfolio
- Fairness opinion and valuation covering a property-for share swap in relation to the infusion of certain assets of Ayala Corporation to Ayala Land inc.
- Assessment of financial condition and recommendations for the debt restructuring of a listed agriculture company with its banks

John Balce

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Location
Manila, Philippines

Certifications
Certified Public Accountant
Chartered Financial Analyst
AMAVI-Certified Intellectual Property Valuer

Professional Affiliations
CFA Institute
CFA Society Philippines
Philippine Institute of Certified Public Accountants
Finance Executives Institute of the Philippines

Education
Executive Masters in Business Administration, Asian Institute of Management

John Balce is a Senior Managing Director in FTI Consulting Philippines' Corporate Finance practice, based in Manila, Philippines. His industry expertise includes infrastructure, energy, mining, and financial institutions. He has more than 15 years of professional experience in financial modeling, valuation, deal advisory, project finance, and corporate restructuring.

Mr. Balce has been involved in several deals, including mergers & acquisitions ("M&A"), capital raising, debt refinancing, public-private partnerships, non-performing loan ("NPL") portfolio sales, and corporate rehabilitation. Mr. Balce has assisted in several cross-border engagements in the Philippines, China, Hong Kong, Indonesia, and Singapore.

Mr. Balce has extensive experience in building complex financial models for infrastructure and energy projects for evaluating financial viability for purposes of contractual negotiations, regulatory considerations and financing. He likewise has extensive experience in performing valuation of companies in various industries, whether public or private, including embedded intangible assets in M&A transactions.

Mr. Balce holds an executive master's degree in Business Administration, with honors, from the Asian Institute of Management. He graduated Magna Cum Laude from the University of the Philippines - Diliman with a bachelor's degree in Business Administration and Accountancy. He is a Certified Public Accountant and a Chartered Financial Analyst ("CFA") Charterholder. He is the President and Chairman of the CFA Society Philippines, a member of the CFA Institute, a member of the Philippine Institute of Certified Public Accountants, and an officer of the Finance Executives Institute of the Philippines.

Relevant Experience

- Spearheaded the team assisting a group of Philippine conglomerates that submitted an unsolicited proposal for the rehabilitation of the Ninoy Aquino International Airport
- Managed the team performing a valuation of a portfolio of onshore and offshore energy assets for purposes of two-stage property-for-share swaps
- Spearheaded the team which built financial models for several coal-fired power plants on behalf of a major power generation company
- Led the team reviewing the financial model for a biomass power plant facility which is a joint venture between MPIC and an LGU
- Spearheaded the creation of the financial model for the LRT2 O&M PPP project for the Consortium of AC Infra and MPIC
- Managed the team reviewing the financial models for several regional airports on which the Philippine government is bidding under its PPP program
- Managed the preparation of an O&M model for the AC Infra – Metro Pacific Consortium in its bid for the LRT1 extension PPP project
- Managed the reorganization and sale of the Philippines' second-largest biodiesel producer owned by a Singapore-based hedge fund

Alvin Tan

Senior Managing Director

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Location
Manila, Philippines

Certifications
Chartered Financial Analyst
Chartered Valuer and Appraiser
Advanced Financial Modeler
Certified Financial Consultant

Professional Affiliations
CFA Institute
CFA Society Philippines
Institute of Valuers and Appraisers, Singapore
Financial Modeling Institute
Institute of Financial Consultants

Education
BS in Commerce Major in Financial Management, University of Santo Tomas – Magna Cum Laude

Alvin Tan is a Senior Managing Director in FTI Consulting Philippines' Corporate Finance practice, based in Manila, Philippines. Mr. Tan has more than twelve years of experience in financial advisory services with a strong focus on shares and intangible assets valuations, fairness opinions, and purchase price allocation exercises.

Mr. Tan has meaningful corporate advisory and transaction support experience providing strategic advice to clients across several industry sectors, including banking & other financial institutions, real estate & REITs, power & renewable energy, infrastructure, utilities, technology, consumer, retail, healthcare, and education.

Mr. Tan has significant experience in the valuation of shares and intangible assets. He has spearheaded and performed a number of complex valuation engagements, including fairness opinions and valuations of majority and minority stakes in public and private firms both locally and internationally. He has conducted intangible asset valuations and purchase price allocation exercises for mergers and acquisitions in different industry sectors. He has also assisted engagements covering financial due diligence, fraud investigation, restructuring, and sell-side M&As in the Philippines.

Mr. Tan graduated valedictorian from the University of Santo Tomas and was awarded the most outstanding graduate. He is currently taking up Executive Master in Business Administration at the Asian Institute of Management. He is a CFA Charterholder, a CVA Charterholder, and a Certified Advanced Financial Modeler. He serves as a board of trustee and the Vice President for Academic Relations of the CFA Society Philippines.

Relevant Experience

- Managed the team performing a valuation of an investment holding company that owns a majority stake in one of the Philippines' largest publicly-listed conglomerates
- Spearheaded the fairness opinion engagement for the property-for-share swap of a publicly-listed energy company in the Philippines with an international renewable energy portfolio
- Led the fairness opinion engagement supported by a valuation exercise for a large real estate company in the Philippines regarding its property-for-share swap transaction between its parent company
- Prepared various financial models for a power generation company which were submitted to power distributors, bank lenders, and the Energy Regulatory Commission
- Managed the review of various financial models in the renewable energy space for the lenders' financing purposes
- Assisted in the successful sale of the largest rural bank in the Philippines in terms of branches in Metro Manila
- Performed financial due diligence on the potential acquisition of a publicly-listed chemicals company



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27 August 2025

FTI Consulting Philippines, Inc.
Suite 2403 Discovery Center,
25 ADB Avenue Ortigas Center, Pasig City

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement with Megaworld Corporation ("MEG") and MREIT Fund Managers, Inc. ("MFMI") (the "Clients") to render a fairness opinion supported by a valuation report in relation to the property-for-share swap between MEG and MREIT, Inc. ("MREIT"). MEG intends to transfer ten offices.

This is to certify that the supporting schedules, reports, and other documents related to the MEG properties listed in Annex A and submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") represent to the best of my knowledge true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware are relevant to the engagement. We have no knowledge of any significant matter contrary to your findings.

We further certify that information we disclosed about the current operations, structure and organization, regulatory/legal disclosures, and other similar information relating to the MEG properties are accurate to the best of our knowledge and belief at the time of the disclosure.

Further, MEG shall indemnify and hold harmless FTI Consulting and its directors, officers, employees, and/or agents from any liability, loss, or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

EMERLE ANNE P. MAGSINO
AVP-Accounts Receivable-Rental
Megaworld Corporation

Annex A - List of Financial Schedules, Reports, and Other Documents

	File Name	Information
1	18Aug2025 IRL Project Spire_19August2025.xlsx	Client responses to clarificatory and confirmatory queries such as those regarding the Working Capital Assumptions, Lease Escalation Rate Assumptions, Property Manager and Financial Manager Fees Assumptions, Fit-Out Period Assumptions, Tenant Turnover Rate Assumptions, Escalation of Direct Costs, Operating Expenses and Lease Rates over the Forecast Period, Capital Expenditure Assumptions, and Rent Roll items. Proposed Price and Number of Shares to be issued as consideration for the 10 Office Properties to be Transferred.
2	Wave 4 Project_ Financial Model_06August2025.xlsx	Historical Annual Financial Statements of MEG for fiscal years 2022 to 2024; Historical Quarterly Financial Statements of MEG for the quarter ending March 31, 2025; 10-year Forecast of the 10 Office Properties to be Transferred as of March 31, 2025 ("Valuation Date"); Annual Historical and Forecasted Capital Expenditures Assumptions, Annual Historical and Forecasted Direct Costs and Operating Expenses Assumptions; Rent Roll Information about the 10 Office Properties such as lease rate per square meter per month, lease escalation rate, contract names, lease period, occupied units, leased area, tenant category, contract status, and annual historical and forecasted rental income; Average Historical and Future Lease Rate per square meter of the 10 Office Properties to be Transferred; and Historical and Future Occupancy Rates of the 10 Office Properties to be Transferred.
3	G14-9054_G1_ARINSO-NCOL.pdf G14-9059_G1_PREMIER BPO, INC.-NCOL.pdf G14-9063_G1_PROBECX PHILIPPINES, INC.pdf M75-9000 _8CPA_SECOND RENEWAL.pdf M81-9000 _8CPB_SECOND RENEWAL (1).pdf M82-9000 _8CPC_SECOND RENEWAL.pdf O09-9034_AMENDMENT_VALOR.pdf O09-9034_NCOL VALOR.pdf O09-9038_NCOL.pdf O09-9041_NCOL_VFS.pdf S14-9034_NCOL-BAYER.pdf	Sample Lease Contracts pertaining to the 10 Office Properties to be Transferred

Certificate of Reliance

	S14-9045_ADDENDUM.pdf S14-9045_NCOL.pdf S14-9047_FIRSTSOURCE SOLUTIONS LIMITED.pdf S29-9000_SAMSUNG_2ND RENEWAL AND 1ST ADDENDUM.pdf S29-9002_NCOL ANTHEM SOLUTIONS, INC - 2024-2026.pdf S29-9003_NCOL-OPTUM (GF to 4F) 2023 -2026.pdf S30-9004 _COL_COGNIZANT TECHNOLOGY SOLUTIONS PHILIPPINES, INC.pdf S30-9031_NCOL_HCL TECHNOLOGIES PHILIPPINES, INC.pdf S34-9000_1_5_FIRST ADDENDUM.pdf S34-9000_1_5_NCOL_WELLS FARGO INTERNATIONAL SOLUTIONS LLC-PHILIPPINES.pdf S34-9000_1_5_SEAC_Wells Fargo_Adj.pdf S34-9000_1_5_WELLS FARGO – RENEWAL.pdf S34-9004_FIRST RENEWAL COGNIZANT 2025-2030.pdf	
4	Lease contract.pdf Lot 11 TCT 164-2010000673.pdf	Certified True Copies of the Transfer Certificate of the Parcel of Lands of the 10 Office Properties to be Transferred Copies of the Tax Declaration for the 10 Office Properties to be Transferred
5	TD D-009-20150 GLOBAL ONE.pdf TD EB-028-002083 ONE CAMPUS PLACE A.pdf TD EB-028-002085 ONE CAMPUS PLACE B.pdf TD EB-028-002089 SCIENCE HUB TOWER 1.pdf TD EB-028-002093 SCIENCE HUB TOWER 3.pdf TD EB-028-002095 SCIENCE HUB TOWER 4.pdf TD EB-028-002099 8 CAMPUS PLACE TOWER 1 (A).pdf TD EB-028-002101 8 CAMPUS PLACE TOWER 2 (B).pdf TD EB-028-002103 8 CAMPUS PLACE TOWER C.pdf	
6	Infusion_03dec2025.xlsx	Updated list of properties to be included in the report with their revised acquisition costs, together with MEG cash infusion.

Certificate of Reliance

MREIT FUND MANAGERS INC.
19th Floor, Alliance Global Tower,36th Street cor. 11th Avenue, Uptown Bonifacio Taguig City 1634
Telephone No.8894-6400

27 August 2025

FTI Consulting Philippines, Inc.
Suite 2403 Discovery Center,
25 ADB Avenue Ortigas Center, Pasig City

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement with Megaworld Corporation ("MEG") and MREIT Fund Managers, Inc. ("MFMI") (the "Clients") to render a fairness opinion supported by a valuation report in relation to the property-for-share swap between MEG and MREIT, Inc. ("MREIT"). MEG intends to transfer ten offices.

This is to certify that the supporting schedules, reports, and other documents related to MREIT listed in Annex A and submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") represent to the best of my knowledge true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware are relevant to the engagement. We have no knowledge of any significant matter contrary to your findings.

We further certify that information we disclosed about the current operations, structure and organization, regulatory/legal disclosures, and other similar information relating to MREIT are accurate to the best of our knowledge and belief at the time of the disclosure.

Further, MFMI shall indemnify and hold harmless FTI Consulting and its directors, officers, employees, and/or agents from any liability, loss, or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation in accordance with clause 6 of the Standard Terms and Conditions.

Sincerely,

[redacted]
JOEY I. VILLAFUERTE
Treasurer
MREIT Fund Managers, Inc.

Annex A - List of Financial Schedules, Reports, and Other Documents

	File Name	Information
1	18Aug2025 IRL Project Spire_19August2025.xlsx	Client responses to clarificatory and confirmatory queries such as those regarding the Working Capital Assumptions, Lease Escalation Rate Assumptions, Property Manager and Financial Manager Fees Assumptions, Tax Rate Assumption, MREIT's Outstanding Shares as of the Valuation Date, Capital Expenditures Assumptions, Escalation of Cost of Services and Operating Expenses, and Rent Roll Items.
2	MREIT 24 Properties Model_Valuation_08August2025_Final.xlsx	Proposed Share Price for the Swap Historical Annual Financial Statements of MREIT for fiscal years 2022 to 2024; Historical Quarterly Financial Statements of MREIT for the quarter ending March 31, 2025; 10-year Forecast of RCR as of March 31, 2025 ("Valuation Date"); Annual Historical and Forecasted Capital Expenditures Assumptions, Annual Historical and Forecasted Direct Costs and Operating Expenses Assumptions; Rent Roll Information about MREIT properties such as location, building, tenant, unit, gross leased area, leased area, leased period, contract status, tenant category, and annual historical and forecasted rental income; Average Historical and Future Lease Rate per square meter of MREIT properties; and Historical and Future Occupancy Rates of MREIT properties.
3	Infusion_03dec2025.xlsx	Updated list of properties to be included in the report with their revised acquisition costs, together with MEG cash infusion.

Certificate of Reliance

MREIT
A MEGAWORLD COMPANY

27 August 2024

FTI Consulting Philippines, Inc.
Suite 2403 Discovery Center,
25 ADB Avenue Ortigas Center, Pasig City

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement with Megaworld Corporation ("MEG") and MREIT Fund Manager, Inc. ("MFMI") (the "Clients") to render a fairness opinion supported by a valuation report in relation to the property-for-share swap between MEG and MREIT, Inc. ("MREIT"). MEG intends to transfer ten offices.

This is to certify that the unaudited, audited, and projected financial statements, supporting schedules, reports, and other documents related to MREIT listed in Annex A and submitted to FTI Consulting Philippines, Inc. ("FTI Consulting") represent to the best of my knowledge true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware are relevant to the engagement. We have no knowledge of any significant matter contrary to your findings.

We further certify that information we disclosed about the current operations, structure and organization, regulatory/legal disclosures, and other similar information relating to MREIT are accurate to the best of our knowledge and belief at the time of the disclosure.

Sincerely,

[redacted]

GIANCARLO V. INACAY
Chief Financial Officer
MREIT, Inc.

18th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines, 1634 • Tel. No. 88946400 • www.mreit.com.ph

Annex A - List of Financial Schedules, Reports, and Other Documents

	File Name	Information
1	18Aug2025 IRL Project Spire_19August2025.xlsx	Client responses to clarificatory and confirmatory queries such as those regarding the Working Capital Assumptions, Lease Escalation Rate Assumptions, Property Manager and Financial Manager Fees Assumptions, Tax Rate Assumption, MREIT's Outstanding Shares as of the Valuation Date, Capital Expenditures Assumptions, Escalation of Cost of Services and Operating Expenses, and Rent Roll Items.
2	MREIT 24 Properties Model_Valuation_08August2025_Final.xlsx	Proposed Share Price for the Swap Historical Annual Financial Statements of MREIT for fiscal years 2022 to 2024; Historical Quarterly Financial Statements of MREIT for the quarter ending March 31, 2025; 10-year Forecast of RCR as of March 31, 2025 ("Valuation Date"); Annual Historical and Forecasted Capital Expenditures Assumptions, Annual Historical and Forecasted Direct Costs and Operating Expenses Assumptions; Rent Roll Information about MREIT properties such as location, building, tenant, unit, gross leased area, leased area, leased period, contract status, tenant category, and annual historical and forecasted rental income; Average Historical and Future Lease Rate per square meter of MREIT properties; and Historical and Future Occupancy Rates of MREIT properties.
3	Infusion_03dec2025.xlsx	Updated list of properties to be included in the report with their revised acquisition costs, together with MEG cash infusion.



Mandate Letter

FTI CONSULTING

Mandate Letter

FAIRNESS OPINION SERVICES ENGAGEMENT LETTER

STRICTLY PRIVATE & CONFIDENTIAL

June 27, 2025

Rolando J. Tiongson
President and CEO
MREIT Fund Manager, Inc.
19F Alliance Global Tower,
36th St. cor 11th Ave., Uptown Bonifacio, Taguig City

Joey I. Villafuerte
Controller
Megaworld Corporation
30F Alliance Global Tower,
36th St. cor 11th Ave., Uptown Bonifacio, Taguig City

Re: Fairness Opinion supported by a Valuation Report

Dear Mr. Tiongson and Mr. Villafuerte:

1. Introduction

We understand that MREIT Fund Manager, Inc. ("MFMI") and Megaworld Corporation ("MEG") [collectively, the "Clients"] are looking for an independent valuation specialist who will provide a fairness opinion supported by a valuation report on the market values of certain properties (the "Properties") owned by MEG and the shares of MREIT, Inc. ("MREIT" or the "Shares") for a proposed property-for-share swap (the "Transaction"). The land where the Properties are located will not be transferred.

MREIT is a real estate investment trust company listed in the Philippine Stock Exchange ("PSE") with a portfolio comprising offices and commercial assets while MEG, also a PSE-listed company, owns and operate residential, commercial, educational, and leisure buildings. On the other hand, the Properties include the following:

Asset Owner	Property	Gross Floor Area
Megaworld Corporation	1. Science Hub Tower 1	21,547.1 sqm
	2. Science Hub Tower 4	20,690.8 sqm
	3. Global One	34,495.1 sqm
	4. One Campus Place Bldg B.	10,635.0 sqm
	5. Science Hub Tower 3	20,449.7 sqm
	6. 8 Campus Place A (Wells Fargo)	9,860.0 sqm
	7. 8 Campus Place B (Wells Fargo)	9.332.0 sqm
	8. SEAC (Wells Fargo)	50,093.9 sqm
	9. 8 Campus Place C (Wells Fargo)	9,991.0 sqm
	10. One Campus Place Bldg A	11,448.6 sqm

FTI Consulting Philippines Inc. (FTI PH) is independently owned and operated.
FTI Consulting is a registered trademark of FTI Consulting, Inc. licensed for use by FTI PH as franchisee in the Republic of the Philippines.

FTI Consulting Philippines, Inc. ("FTI Consulting") is being requested to issue for the Board of Directors of MREIT and MEG, the PSE, and the Securities and Exchange Commission ("SEC") a fairness opinion in accordance with applicable PSE and SEC requirements, supported by a valuation report to determine whether the number of shares to be issued in exchange for the Properties to be infused into MREIT is fair from a financial point of view.

FTI Consulting is a corporate finance advisory firm that offers a wide array of services including valuation, transaction advisory, and mergers and acquisitions. We are experienced corporate finance professionals. FTI Consulting also has the requisite accreditation, experience, and skills to properly undertake this engagement.

FTI Consulting is accredited by the PSE for purposes of issuing fairness opinions and valuation reports of listed companies and prospective initial listing applicants of the Exchange (PSE Accreditation CN 2024-0019) in accordance with the PSE Memorandum on Guidelines for Fairness Opinions and Valuation Reports (No. 2011-0104), as amended. FTI Consulting is also accredited by the SEC (SEC Accreditation No. 032) as a Professional Services Organization ("PSO") in accordance with SEC Memorandum Circular No. 2, Series of 2014.

This letter of engagement (the "Engagement") and the related Terms and Conditions constitute the engagement contract (the "Engagement Contract") pursuant to which our services will be provided.

2. Scope of Services and Time Frame

Fairness Opinion

- On the basis of our independent valuation of the range of market values calculated for the Shares and the Properties, determine whether the number of shares to be issued in exchange for each of the Properties to be infused is fair from a financial point of view.

Valuation

- In support of the fairness opinion, analyze and estimate a range of market values[1] of the Shares and the Properties as of the Valuation Date[2], with Philippine Peso (PHP) as the

[1] Market value, as defined by the IVS, is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer andawilling seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
[2] Valuation Date is the date on which the estimation of value applies using information that is known or knowable as of that date.

Mandate Letter

valuation currency, using the generally accepted valuation approaches, as appropriate and applicable, under the International Valuation Standards (IVS):

The Properties	The Shares
• Income Approach: Discounted Cash Flows Method • Income Approach: Direct Capitalization Method	• Income Approach: Discounted Cash Flows Method • Market Approach: Volume-Weighted Average Price ("VWAP") Method • Market Approach: Comparable Companies Method

The following are the activities to be performed in the valuation:

- Discuss with the Clients the business operations, revenue mix, key operating metrics, tenants' lease terms, developments and plans, market dynamics, etc. to understand the business and operations of MREIT, the Properties, and the industry.
- Review the audited and/or unaudited interim financial statements and related management reports of the Shares as of the Valuation Date.
- Review at least three-year historical and performance data of the Properties.
- Review at least five-year financial forecasts of the Shares and the Properties (with a focus on the tenant leases and rent rolls and lease payments with MREIT).
- Perform appropriate analysis to evaluate inputs and assumptions of the financial forecasts and appropriateness for the valuation.
- Hold discussions and Q&A sessions with the Clients' management regarding the bases of assumptions used in the financial forecasts.
- Conduct research on historical trading prices of MREIT and calculate volume-weighted average prices ("VWAPs").
- Review key contracts and agreements pertinent to the valuation such as lease agreements, loan agreements, shareholders agreements, etc.
- Conduct site visits, as appropriate.
- Review appraisal reports on land, and property and equipment.
- Review publicly available industry reports for understanding of industry dynamics.
- Conduct meetings and interviews with Clients' management and other company advisors (i.e., legal, regulatory, tax, accounting, technical, etc.) and such other activities as may be necessary and desirable to arrive at the valuation.

Excluded Services

We note that our proposed scope of work does not include the appraisal of land, property and equipment. The Clients shall be responsible for providing current appraisals for land, property and equipment. We are not providing financial modelling services and will not deliver a financial model.

Reporting

A. Internal

- Drafting of valuation study of the Shares and the Properties and opining on the fairness of the Transaction;
- Submission to the Clients of the draft valuation and fairness opinion report for comments;
- Finalization of valuation study and fairness opinion report (the "Report"); and
- Presentation of final results to management and the Board of Directors of MREIT and MEG, if necessary.

B. Regulatory

- Submit the Report that will be used in the regulatory filings of the Clients to the PSE and SEC;
- Coordinate with the Clients on presentations to the PSE and SEC, if necessary.

Timetable

Presented below is the proposed timetable.

Phases	*Responsibility*	*Duration (in weeks)*	*Timeframe (in weeks)*
Provision of documents needed for confirmation of independence	FTI and Clients	0.25	0.25
Confirmation of Independence*	FTI and PSE	2.0	2.25
Provision of information requirements for valuation exercise	Clients	0.25	2.5
Valuation Exercise	FTI	2.0	4.5
Submission and review of draft results and presentation materials	FTI and Clients	0.5	5.0
Submission, review, and receipt of comments on draft report	FTI and Clients	1.0	6.0
Report finalization and submission of soft copy of the Report**	FTI	1.0	7.0

** Indicative duration for securing a confirmation of independence from the PSE which may extend to 3 to 4 weeks from submission of documents which is at the sole discretion of the PSE.*

***Please note that it will take 2-3 days from submission of the soft copy to deliver the hard copies of the Report.*

Please note that our timetable may be affected by the need to secure confirmation of independence from the PSE. It is a requirement by the PSE that we are independent of the Transaction and the parties to the Transaction. We will submit our request for clearance of independence to the PSE as soon as we are engaged. We are not aware of any conflicts of interest in undertaking this engagement.

The proposed schedule assumes that (1) all required information and documents will be made available, on a timely basis, and (2) there will be no unexpected delays that may occur which

Mandate Letter

are beyond our control, which includes the confirmation of independence by the PSE. In any event, we shall exert our best efforts to ensure an efficient and concise process to meet the Clients' objectives.

3. Working Arrangements

Our performance of the Services is dependent upon the Clients providing us with such information and assistance as we may reasonably require from time to time. To facilitate our work, it is understood that the Clients will appoint a contact person who will be the primary point of contact for our information requirements and will coordinate meetings between our team and key persons such as management, technical advisors, legal advisors, accounting/tax advisors, other financial advisors.

Conference calls using the mutually preferred channel of communication shall be preferred over face-to-face meetings. We request that face-to-face meetings be limited on an as-needed basis. The Clients agree that, to expedite communication, correspondence, letters, memos, information and data requirements can be transmitted via electronic mail. We will transmit report in soft copy format. Hard copies will be provided if requested and given an appropriate lead time so that logistics can be arranged. Billings will be sent electronically via email. We request that payment of our bills be made via wire transfer to our designated bank account.

The Clients shall use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete. We will assume no responsibility and make no representations with respect to the accuracy or completeness of information provided by the Clients. You shall also notify us immediately if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon.

4. Our Responsibilities and Limitations

FTI Consulting will rely, in whole or in part, on information provided by the Clients. In the course of our Engagement, we may also rely on work done by third party service providers engaged or to be engaged by the Clients. We will assume no responsibility and make no representations with respect to the accuracy or completeness of information provided by the Clients or the third-party service providers engaged by the Clients.

Our work does not include the provision of technical, accounting, tax, legal, and regulatory advice and we make no representations regarding questions of technical, accounting, tax, legal, and regulatory interpretation. We will consult with the Clients' technical, accounting, tax, legal advisor/s for any technical, accounting, tax, legal and regulatory assumptions needed in the valuation.

FTI Consulting shall be engaged by the Clients to provide a fairness opinion. As such, the Clients are expected to already have determined the values in which they intend to execute the

Transaction. FTI Consulting is limited only to render an opinion on whether these values are fair from a financial point of view. FTI Consulting and its individual employees will not make any management decisions for the Clients and will not be responsible for communicating information concerning MREIT and MEG to the public or all companies' shareholders.

5. Certificate of Reliance

The Scope of Services and the results will be based on information provided by MFMI, MREIT, MEG, and publicly available information. Prior to issuing the final report, we will require that management of MFMI and MEG provide us with a Certificate of Reliance, that any projected financial forecasts and other supporting schedules for the purpose of the valuation represent to the best of their knowledge the best estimates as to the future operating performance, financial results and cash flows of the Shares and the Properties, and that unaudited financial statements provided are to the best of their knowledge true, accurate and free from material misstatements due to fraud or error. Further, MFMI and MEG shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation. A draft Certificate of Reliance is set out in Exhibit III. The final fairness opinion and valuation report will only be released upon issuance by MFMI and MEG of their respective signed Certificates of Reliance.

6. Professional Fees

For Services rendered in connection with this Engagement, we propose to charge a total fixed fee of **PHP** [redacted] net of value added taxes (VAT), billable as follows:

- [redacted] net, upon signing of the Engagement Letter;
- [redacted] net, upon receipt of confirmation of our independence from the PSE; and
- [redacted] net, upon release of the final Report.

Payment of the fees shall be split equally between MFMI and MEG.

Our proposed fees are exclusive of any applicable taxes (including, but not limited to, value-added taxes). We shall therefore add the 12 percent VAT to our billings for professional fees as required by existing regulations unless our billing qualifies for zero-rating. We shall request the name, Tax Identification Number (TIN) and address of the Clients for billing purposes. If the Clients qualify for zero-rating, we shall also request for any of the following: Certificate of Residence, Articles of Incorporation, or Certificate of Registration.

Our proposed fee is based on the proposed scope of work for this Engagement. Should you wish to amend the scope or require us to perform additional tasks, the additional hours spent will be charged at our standard hourly rates discounted [redacted]. Furthermore, in the event that this Engagement is discontinued as a result of your decision not to proceed with our

Mandate Letter

assistance relative to this Engagement, any prior billings shall be considered as our fees for services rendered thus far. In addition, we shall bill you for actual time charges incurred in excess of such prior billings and any unbilled out-of-pocket expenses (OPEs).

After the completion of the engagement, if there is a need for us to meet with or make presentations to the SEC or PSE or other third parties, with your approval, we will comply with these requests. We will bill you for the additional time spent in excess of ten (10) hours for the preparation, presentation and subsequent work that may be required by the SEC, PSE or other third parties. We will apply a [redacted] standard hourly rates. We will inform you in case we anticipate that the hours required will exceed 10 hours.

For reference, presented below are our billing rates, net of VAT:

Staff Classification	Standard Hourly Rate (PHP)	Discounted Hourly Rate (PHP)
Senior Managing Director	[redacted]	[redacted]
Managing Director		
Director		
Associate Director		
Manager		
Senior Associate II		
Senior Associate I		
Associate II		
Associate I		

Out-of-Pocket Expenses:

In addition, our fees do not yet include our disbursements for applicable Out of Pocket Expenses (OPE) including the Fee for Confirmation of Independence required by the PSE upon filing, report printing, courier service, transportation, accommodations, meals, staffs per diems, and other expenses specifically related to the Engagement. We will charge an advance OPE of PHP[redacted], which includes the PSE fee for confirmation of independence. The total amount for OPEs shall be capped at PHP[redacted] for the scope of work related to this Engagement.

Other Related Matters

Further, if FTI Consulting and/or any of its employees are required to testify or provide evidence at or in connection with any judicial or administrative proceeding relating to this Engagement, FTI Consulting will be compensated by you at its regular hourly rates and reimbursed for reasonable allocated and direct expenses (including counsel fees) with respect thereto.

Invoices for fees and expenses incurred in connection with this Engagement will be billed based on the payment milestones discussed above, and are due upon receipt. If we do not receive payment of any invoice within ten (10) calendar days of the invoice date, we shall be entitled, without prejudice to any other rights that we may have and to immediately suspend provision of the Services until all sums due are paid in full. We will also charge interest on unpaid fees and expenses at an annual rate of [redacted].

If withholding taxes are required to be deducted from the amounts payable to FTI Consulting, the Clients shall pay such taxes to the appropriate tax authority. The Clients shall promptly submit to FTI Consulting the Certificate of Creditable Withheld at Source (BIR Form 2307) to enable FTI Consulting to claim a tax credit. If no certificate is issued, the Clients shall pay the equivalent amount withheld as if no tax has been withheld.

The Clients agrees to promptly notify FTI Consulting if the Clients or any of their subsidiaries or affiliates extends (or solicits the possible interest in receiving) an offer of employment to a principal or employee of FTI Consulting involved in this Engagement and agrees that FTI Consulting has earned and will be entitled to a cash fee, upon hiring, equal to [redacted] of the aggregate first year's annualized compensation, including any guaranteed or target bonus and equity award, to be paid to FTI Consulting's former principal or employee that the Clients or any of their subsidiaries or affiliates hires at any time up to one year subsequent to the date of the final invoice rendered by FTI Consulting with respect to this Engagement.

7. Terms and Conditions

The attached Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter and the Terms and Conditions attached comprise the entire Engagement Contract for the provision of the Services to the exclusion of any other express or implied terms, whether expressed orally or in writing, including any conditions, warranties and representations, and shall supersede all previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services.

8. Relationships with Other Parties

Based on our understanding of interested parties to this Transaction (the "Potentially Interested Parties"), we have undertaken a limited review of our records to determine FTI Consulting's professional relationships with the Clients. From the results of such review, we were not made aware of any conflicts of interest or additional relationships that we believe would preclude us from performing the Services. However, as you know, we are a large consulting firm with numerous offices throughout the world. We are regularly engaged by new clients, which may include one or more of the Potentially Interested Parties. We will not knowingly accept an engagement that directly conflicts with this Engagement without your prior written consent, which you agree shall not be unreasonably withheld.

Mandate Letter

9. Other Matters

Either of us may request changes to the work we will perform. Changes must be agreed upon between us and will be subject to reasonable adjustments to fees and timetables. Changes which amount to the provision of significant additional services, rather than adjustments to the services already agreed, must be agreed to in writing.

Please note that accredited PSOs of the SEC may be required to submit copies of valuation reports that they have prepared for purposes of complying with the requirements of their accreditation. As Valuation Specialists, FTI Consulting adheres to the latest version of the International Valuation Standards. FTI Consulting confirms that this valuation exercise will be undertaken in accordance with the IVS.

* * * * *

If you have any questions, please call John B. Balce, Senior Managing Director, at +63.928.503.9492. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please have one copy of this letter signed in the space provided below and returned to us.

Yours sincerely,

FTI CONSULTING PHILIPPINES, INC.

By: [redacted]
John B. Balce
Senior Managing Director

Confirmation of Terms of Engagement

We agree to engage FTI Consulting Philippines, Inc. upon the terms set forth herein and in the attached Terms and Conditions.

MREIT Fund Manager, Inc.

By: [redacted]
Rolando J. Tiongson
President & CEO

Date: _____

Megaworld Corporation

By: [redacted]
Joey I. Villafuerte
Controller

Date: _____

Mandate Letter

EXHIBIT I - TERMS AND CONDITIONS

The following are the Terms and Conditions on which we will provide the Services to you set forth within the attached Letter of Engagement with MREIT Fund Manager, Inc. and Megaworld Corporation, dated June 27, 2025. The Letter of Engagement and the Exhibits (collectively, the "Engagement Contract") form the entire agreement between us relating to the Services. It replaces and supersedes any previous proposals, correspondence understandings or other communications whether written or oral. The headings and titles in the Engagement Contract are included to make it easier to read but do not form part of the Engagement Contract.

1. Reports and Advice

1.1. **Reliance on drafts** – You acknowledge that no reliance shall be placed on draft reports, conclusions or advice, whether oral or written, issued by us as the same may be subject to further work, revision and other factors which may mean that such drafts are substantially different from any final report or advice issued.

1.2. **Use and purpose of advice and reports** – Any advice given or report issued by us is provided solely for your use and benefit and only in connection with the purpose in respect of which the Services are provided. Unless required by law, you shall not provide any advice given or report issued by us to any third party or refer to us or the Services without our prior written consent or the receipt of the signed third party release letter included in Exhibit II. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

1.3. **Scope of Analysis –** The valuation of any financial instrument or business is a matter of informed judgment. The accompanying valuation has been prepared on the basis of information and assumptions set forth in the report, appendices, our underlying work papers, and the limiting conditions and assumptions.

1.4. **Going Concern Assumption, No Undisclosed Contingencies** – Our analysis: (i) assumes that as of the Valuation Date, the Properties will continue to operate as configured as a going concern; (ii) is based on the past and present financial condition of the Properties as of the Valuation Date; and (iii) assumes that the Properties had no undisclosed real or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor had any litigation pending or threatened that would have a material effect on our analysis.

1.5. **Subsequent Events** – The terms of our engagement are such that we have no obligation to update the valuation report or to revise the valuation because of events and transactions occurring subsequent to the Valuation Date.

2. Information and Assistance

2.1 **Provision of information and assistance** – Our performance of the Services is dependent upon you providing us with such information and assistance as we may reasonably require from time to time.

2.2 **Punctual and accurate information** – Each party shall use reasonable skill, care and attention to ensure that all information to which the other party may reasonably require is provided on a timely basis and is accurate and complete. Each party shall also notify the other party if such party subsequently learns that the information provided is incorrect or inaccurate or otherwise should not be relied upon.

2.3 **No assurance on financial data** – While our work may include an analysis of financial accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Moreover, the circumstances of the Engagement may cause our advice to be limited in certain respects based upon, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. The Clients will be responsible for any and all financial information they provide to us during the course of this Engagement, and we will not examine or compile any such financial information. Accordingly, as part of this Engagement, we will not express any opinion or other form of assurance on the financial statements or financial components of the Properties.

2.4 **Prospective financial information** - In the event the Services involve prospective financial information, our work will not constitute an examination, compilation or apply agreed-upon procedures in accordance with standards established by the Philippine Institute of Certified Public Accountants, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of the expected results anticipated by the management of the Clients.

2.5 **Legal Matters** – We assume no responsibility for legal matters including interpretations of either the law or contracts. We have made no investigation of legal title and have assumed that owner(s) claim(s) to property are valid. We have given no consideration to liens or encumbrances except as specifically stated. We assumed that all required licenses, permits, etc. are in full force and effect. We assume no responsibility for the acceptability of the valuation approaches used in our report as legal evidence in any particular court or jurisdiction. The suitability of our report and opinion for any legal forum is a matter for the Clients and the Clients' legal advisor to determine.

Mandate Letter

2.6 **Verification of Legal Description or Title** – No investigation of legal description or title to the properties will be made and we will assume that your claim to the properties are valid. No consideration will be given to liens or encumbrances which may be against the property, except as specifically stated as part of the financial statements you provide to us as part of this engagement. Full compliance with all applicable national, local government, local zoning, environmental and similar laws and regulations is assumed, unless otherwise stated and responsible ownership and competent property management are assumed.

2.7 **Verification of Hazardous Conditions** – We will not investigate the extent of any hazardous substances that may exist, as we are not qualified to test for such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation or other hazardous substances or environmental conditions may affect the value of the property, the value will be estimated predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility will be assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

2.8 **Condition of Property** – We assume no liability whatsoever with respect to the condition of the subject property or for hidden or unapparent conditions, if any, of the subject property, subsoil or structures, and further assume no liability or responsibility whatsoever with respect to the correction of any defects which may now exist or which may develop in the future. Equipment components considered, if any, were assumed to be adequate for the needs of the property's improvements, and in good working condition, unless otherwise reported.

2.9 **Zoning** – It was assumed that all public and private zoning and use restrictions and regulations had been complied with, unless non-conformity was stated, defined and considered in the report.

3. Additional Services

3.1 **Your responsibility for other parties** – You shall be solely responsible for the work and fees of any other party engaged by you to participate in the Engagement regardless of whether such party was introduced to you by us. Except as provided in the Letter of Engagement, we shall not be responsible for providing or reviewing specialist advice or services including legal, regulatory, accounting or taxation matters. Further, we acknowledge that we are not authorized to engage any third party under our Engagement Contract without your written authorization.

4. Confidentiality

4.1 **Restrictions on confidential information** – All parties agree that any confidential information received from the other party shall only be used for the purposes of providing or receiving Services under this or any other contract between us. Except as provided below, neither party will disclose the other party's confidential information to any third party without the other party's consent. Confidential information shall not include information that:

4.1.1 is or becomes generally available to the public other than as a result of a breach of an obligation under this clause;

4.1.2 is acquired from a third party who, to our knowledge, owes no obligation of confidence in respect of the information; or

4.1.3 is or has been independently developed by the recipient.

4.2 **Disclosing confidential information** – Notwithstanding clause 1.2 and 4.1 above, either party will be entitled to disclose confidential information of the other to a third party to the extent that this is required by valid legal process provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than 2 business days notice in writing is first given to the other party.

4.3 **Citation of engagement** – Without prejudice to Clause 4.1 and Clause 4.2 above, we may cite generally the performance of the Services to our clients and prospective clients as an indication of our experience, unless we both specifically agree otherwise in writing.

4.4 **Internal quality reviews** – Notwithstanding the above, we may disclose any information referred to in this Clause 4 to any other FTI Consulting entity or use it for internal quality reviews.

4.5 **Maintenance of workpapers** – Notwithstanding the above, we may keep one archival set of our working papers from the Engagement, including client provided files and working papers containing or reflecting confidential information, in accordance with our professional standards and internal quality review.

4.6 **Data privacy** – All parties are expected to comply strictly to the data protection requirements under applicable law and professional regulations, including but not limited to the Data Privacy Act of 2012.

Mandate Letter

5. Termination

5.1 **Termination of Engagement with notice** – Either party may terminate the Engagement Contract for whatever reason upon written notice to the other party. Upon receipt of such notice, we will stop all work immediately. You will be responsible for all fees and expenses incurred by FTI Consulting through the date termination notice is received subject to any claims and liabilities you may have for antecedent breaches against FTI Consulting.

5.2 **Continuation of terms** – The terms of the Engagement Contract, including but not limited to, Clauses 4 and 6 of the Engagement Letter, and Clauses 1.2, 4, 6 and 7 of the Terms and Conditions, are intended to survive such termination or expiration and shall continue to bind all parties.

6. Indemnification and Liability Limitation

6.1 **Indemnification** – You agree to indemnify and to hold harmless FTI Consulting and any of its subsidiaries and affiliates, officers, directors, principals, shareholders, agents, independent contactors and employees (collectively "Indemnified Persons") from and against any and all claims, liabilities, damages, obligations, costs and expenses (including reasonable attorneys' fees and expenses and costs of investigation) arising out of or relating to your retention of FTI Consulting, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, except to the extent that any such claim, liability, obligation, damage, cost or expense shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted.

Promptly after the commencement of any action or proceeding against FTI Consulting which could give rise to a claim for indemnification under this Agreement, FTI Consulting shall give notice to the Clients if it wishes to assert a claim for indemnification under this Agreement. The Clients shall then be entitled to participate in such action or proceeding and, to the extent that it shall wish, to assume the defense thereof with counsel reasonably satisfactory to FTI Consulting and, after notice from the Clients to FTI Consulting of its election so to assume the defense thereof, the Clients shall not be liable to FTI Consulting for any fees of other counsel or any other expenses subsequently incurred by FTI Consulting in connection with the defense thereof. If the Clients assumes the defense of such an action, (a) no compromise or settlement thereof may be effected by the Clients without FTI Consulting's consent (which shall not be unreasonably withheld) unless (i) there is no finding or admission of any violation of law or any violation of the rights of any person by FTI Consulting and (ii) the sole relief provided is monetary damages that are paid in full by the Clients and (b) the Clients

shall have no liability with respect to any compromise or settlement thereof effected by the FTI Consulting without its consent (which shall not be unreasonably withheld).

6.2 **Limitation of liability** – You agree that no Indemnified Person shall have any liability as a result of your retention of FTI Consulting, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, other than liabilities that shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted.

You agree that our liability shall be limited to the extent of the fees actually paid to FTI Consulting. Without limiting the generality of the foregoing, in no event shall any Indemnified Person be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind.

7. Governing Law and Jurisdiction

7.1 **Governing Law and Jurisdiction** - The Engagement Contract shall be governed by and interpreted in accordance with the laws of the Republic of the Philippines. The Regional Trial Court of Pasig City or Makati City shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Contract and any matter arising from it. The parties irrevocably waive any right they may have to object to any action being brought in these Courts, to claim that the action has been brought to an inconvenient forum or to claim that those Courts do not have jurisdiction.

FTI CONSULTING PHILIPPINES, INC.

Mandate Letter

EXHIBIT II – STANDARD RELEASE LETTER-
Report Access Requested by CLIENT NAME for Nonclient

[Nonclient Recipient Letterhead]

[Date]

FTI Consulting Philippines Inc.

Dear FTI CONTACT:

CLIENT has informed **[name of recipient]** that FTI Consulting Philippines Inc. ("FTI CONSULTING") has performed certain fairness opinion and valuation services to assist CLIENT in connection with the proposed transaction. We understand that the work performed by FTI CONSULTING was performed in accordance with instructions provided by CLIENT and was performed exclusively for CLIENT's sole benefit and use.

CLIENT has requested that FTI CONSULTING provide **[name of recipient]** access to their report dated **[date]**. **[name of recipient]** acknowledges that this report was prepared for the benefit of CLIENT and may not include all assumptions or considerations deemed necessary for the purposes of **[name of recipient]**.

In consideration of FTI CONSULTING allowing **[name of recipient]** access to the report and, if requested by **[name of recipient]**, discussing the report, **[name of recipient]** agrees that it does not acquire any rights as a result of such access that it would not otherwise have had and acknowledges that FTI CONSULTING does not assume any duties or obligations to **[name of recipient]** in connection with such access.

[name of recipient] agrees to release FTI CONSULTING and its personnel from any claim by **[name of recipient]** that arises as a result of FTI CONSULTING permitting **[name of recipient]** access to the report. Further, **[name of recipient]** agrees not to disclose or distribute the report, or information received, orally or in writing from FTI CONSULTING to any other parties (including any other members of a lending syndicate) without FTI CONSULTING's prior written consent.

Acknowledged by **[name of recipient]** representative:

By: _____
(Name of company official)

_____
(Title)

_____
(Date)

Mandate Letter

[Client Letterhead]

EXHIBIT III-A
CERTIFICATE OF RELIANCE – MREIT Fund Manager, Inc.

[Date]

FTI Consulting Philippines, Inc.
Pasig City, Philippines

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement with MREIT Fund Manager, Inc. (MFMI) and Megaworld Corporation (MEG), to render a fairness opinion, supported by a valuation report, on the proposed transaction between MREIT, Inc. (MREIT) and MEG.

This is to certify that to the best of my knowledge, the financial statements, forecasts and supporting schedules listed in Annex A and submitted to FTI Consulting Philippines, Inc. (FTI Consulting), for the purpose of valuing MREIT (the Shares) represent the best estimates as to the future operating performance, financial results and cashflows of the said Shares are true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware are relevant to the engagement.

We further certify that information we disclosed about the current operations, structure and organization, regulatory/legal disclosures and other similar information relating to MREIT are accurate to the best of our knowledge and belief at the time of the disclosure. Further, MFMI shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation in accordance with clause 6 of the Terms and Conditions.

Sincerely,

[Name]
[Position]
[Company Name]

[Client Letterhead]

EXHIBIT III-B
CERTIFICATE OF RELIANCE – Megaworld Corporation

[Date]

FTI Consulting Philippines, Inc.
Pasig City, Philippines

Attention: John B. Balce
Senior Managing Director

Subject: Certificate of Reliance

Gentlemen:

This Certificate of Reliance is provided to you in connection with your engagement with MREIT Fund Manager, Inc. (MFMI) and Megaworld Corporation (MEG), to render a fairness opinion, supported by a valuation report, on the proposed transaction between MREIT, Inc. (MREIT) and MEG.

This is to certify that to the best of my knowledge, the financial statements, forecasts and supporting schedules listed in Annex A and submitted to FTI Consulting Philippines, Inc. (FTI Consulting), for the purpose of valuing MREIT (the Shares) represent the best estimates as to the future operating performance, financial results and cashflows of the said Shares are true and accurate, and free from material misstatements.

We have provided you with access to all information which we are aware are relevant to the engagement.

We further certify that information we disclosed about the current operations, structure and organization, regulatory/legal disclosures and other similar information relating to MREIT are accurate to the best of our knowledge and belief at the time of the disclosure. Further, MFMI shall indemnify and hold harmless FTI Consulting and its directors, officers, employees and/or agents from any liability, loss or damage relating to or arising out of FTI Consulting's reliance on all information provided in performing the said valuation in accordance with clause 6 of the Terms and Conditions.

Sincerely,

[Name]
[Position]
[Company Name]



Scope of Work

FTI CONSULTING™

Scope of Work

Fairness Opinion

- On the basis of our independent valuation calculated for the Shares and the Properties, determine whether the number of shares to be issued in exchange for each of the properties to be infused is fair from a financial point of view.

Valuation

- In support of the fairness opinion, analyze and estimate a range of market values of the Shares and the Properties as of the Valuation Date, with Philippine Peso (PHP) as the valuation currency, using the generally accepted valuation approaches, as appropriate and applicable, under the International Valuation Standards (IVS):
  - Income Approach: Discounted Cash Flows Method
  - Income Approach: Direct Capitalization Method
  - Market Approach: Volume-Weighted Average Prices Method
  - Market Approach: Comparable Companies Method
- Discuss with the Clients the business operations, revenue mix, key operating metrics, tenants' lease terms, developments and plans, market dynamics, etc. to understand the business and operations of MREIT, the Properties, and the industry.
- Review the audited and/or unaudited interim financial statements and related management reports of the Shares as of the Valuation Date.
- Review at least three-year historical and performance data of the Properties.
- Review at least five-year financial forecasts of the Shares and the Properties (with a focus on the tenant leases and rent rolls and lease payments with MREIT).
- Perform appropriate analysis to evaluate inputs and assumptions of the financial forecasts and appropriateness for the evaluation.
- Hold discussions and Q&A sessions with the Client's management regarding the bases of assumptions used in the financial forecasts.
- Conduct research on historical trading prices of MREIT and calculate volume-weighted average prices ("VWAPs").
- Review key contracts and agreements pertinent to the valuation such as lease agreements, loan agreements, shareholders agreements, etc.

Scope of Work

Valuation (cont'd)

- Conduct site visits, as appropriate.
- Review appraisal reports on land, and property and equipment.
- Review publicly available industry reports for understanding of industry dynamics.
- Conduct meetings and interviews with Client's management and other company advisors (i.e., legal, regulatory, tax, accounting, technical, etc.) and such other activities as may be necessary and desirable to arrive at the valuation.

Reporting

- Drafting of valuation study of the Shares and the Properties and opining on the fairness of the Transaction;
- Submission to the Client of the draft valuation and fairness opinion report for comments;
- Finalization of valuation study and fairness opinion report (the "Report"); and
- Presentation of final results to management and the Board of Directors of MREIT and MEG, if necessary.



FTI Consulting Philippines, Inc. Accreditations

FTI CONSULTING

FTI Consulting Philippines, Inc. Accreditations



Securities and Exchange Commission
PHILIPPINES

Accreditation No. 032-PSO

CERTIFICATE OF ACCREDITATION

THIS IS TO CERTIFY that

FTI CONSULTING PHILIPPINES, INC.

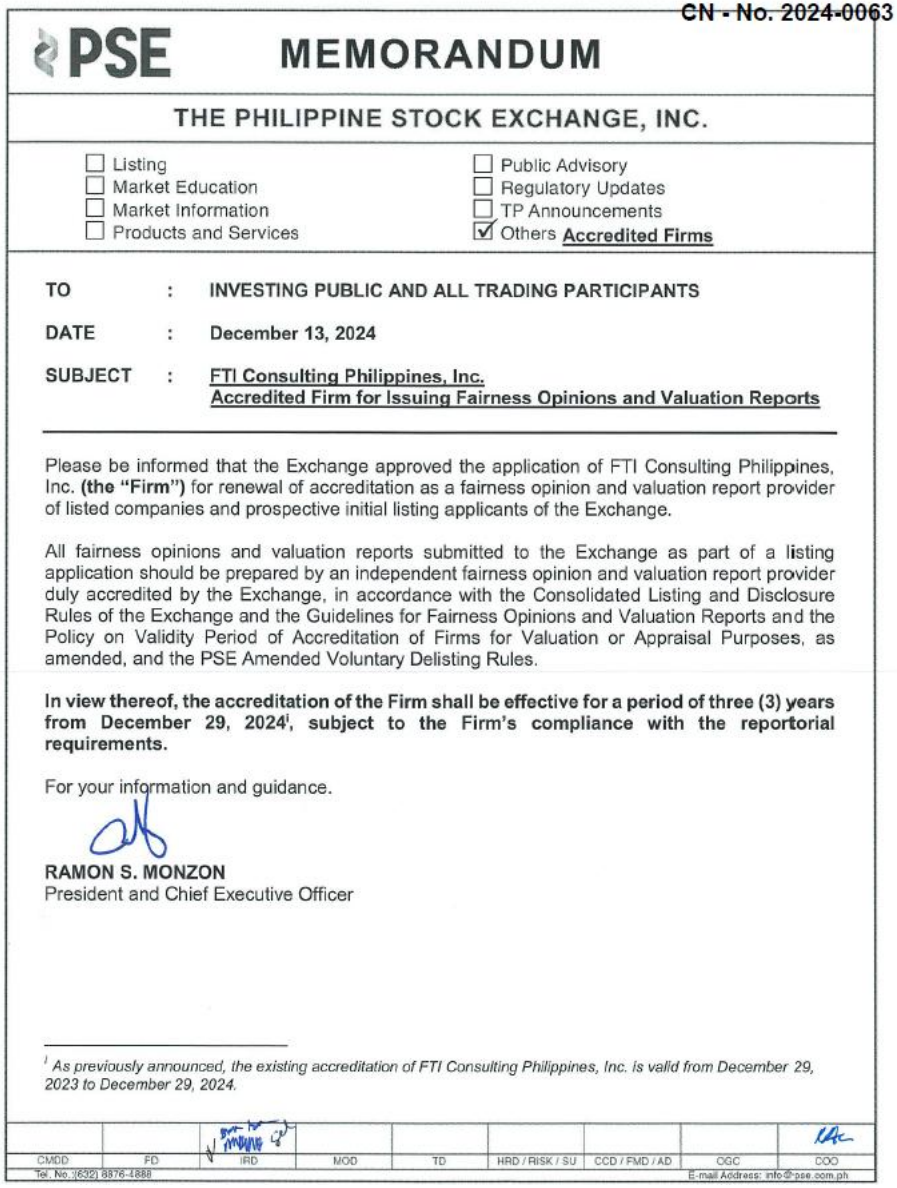
has been accredited by the Commission on **30 September 2025** as a Professional Service Organization (PSO) after its compliance with the documentary and qualification requirements of SEC Memorandum Circular No. 02, Series of 2014 (Guidelines on Asset Valuations).

The effectivity of this Certificate shall be from **September 30, 2025** to **September 30, 2030** and shall be subject to the requirements set forth under said Circular or any amendments thereto and such orders as may be issued by the Commission.

The accreditation by the Commission of the company named herein is permissive only and does not constitute a recommendation or indorsement of its engagement and practice. The review of the qualifications and sample valuation report of the company was based only on the documents submitted and the representations made therein by the company. Parties directly concerned on a report issued by the PSO are expected to conduct due diligence towards reliance of the contents thereof.

Issued at Makati City, Philippines this 30th day of September, Two Thousand and Twenty-Five.

FIDELES D. PE BENITO
Officer-in-Charge
Office of the General Accountant



CN - No. 2024-0063

PSE **MEMORANDUM**

THE PHILIPPINE STOCK EXCHANGE, INC.

- ☐ Listing
- ☐ Market Education
- ☐ Market Information
- ☐ Products and Services
- ☐ Public Advisory
- ☐ Regulatory Updates
- ☐ TP Announcements
- ☑ Others **Accredited Firms**

TO : **INVESTING PUBLIC AND ALL TRADING PARTICIPANTS**

DATE : **December 13, 2024**

SUBJECT : **FTI Consulting Philippines, Inc.**
Accredited Firm for Issuing Fairness Opinions and Valuation Reports

Please be informed that the Exchange approved the application of FTI Consulting Philippines, Inc. **(the "Firm")** for renewal of accreditation as a fairness opinion and valuation report provider of listed companies and prospective initial listing applicants of the Exchange.

All fairness opinions and valuation reports submitted to the Exchange as part of a listing application should be prepared by an independent fairness opinion and valuation report provider duly accredited by the Exchange, in accordance with the Consolidated Listing and Disclosure Rules of the Exchange and the Guidelines for Fairness Opinions and Valuation Reports and the Policy on Validity Period of Accreditation of Firms for Valuation or Appraisal Purposes, as amended, and the PSE Amended Voluntary Delisting Rules.

In view thereof, the accreditation of the Firm shall be effective for a period of three (3) years from December 29, 2024[1], subject to the Firm's compliance with the reportorial requirements.

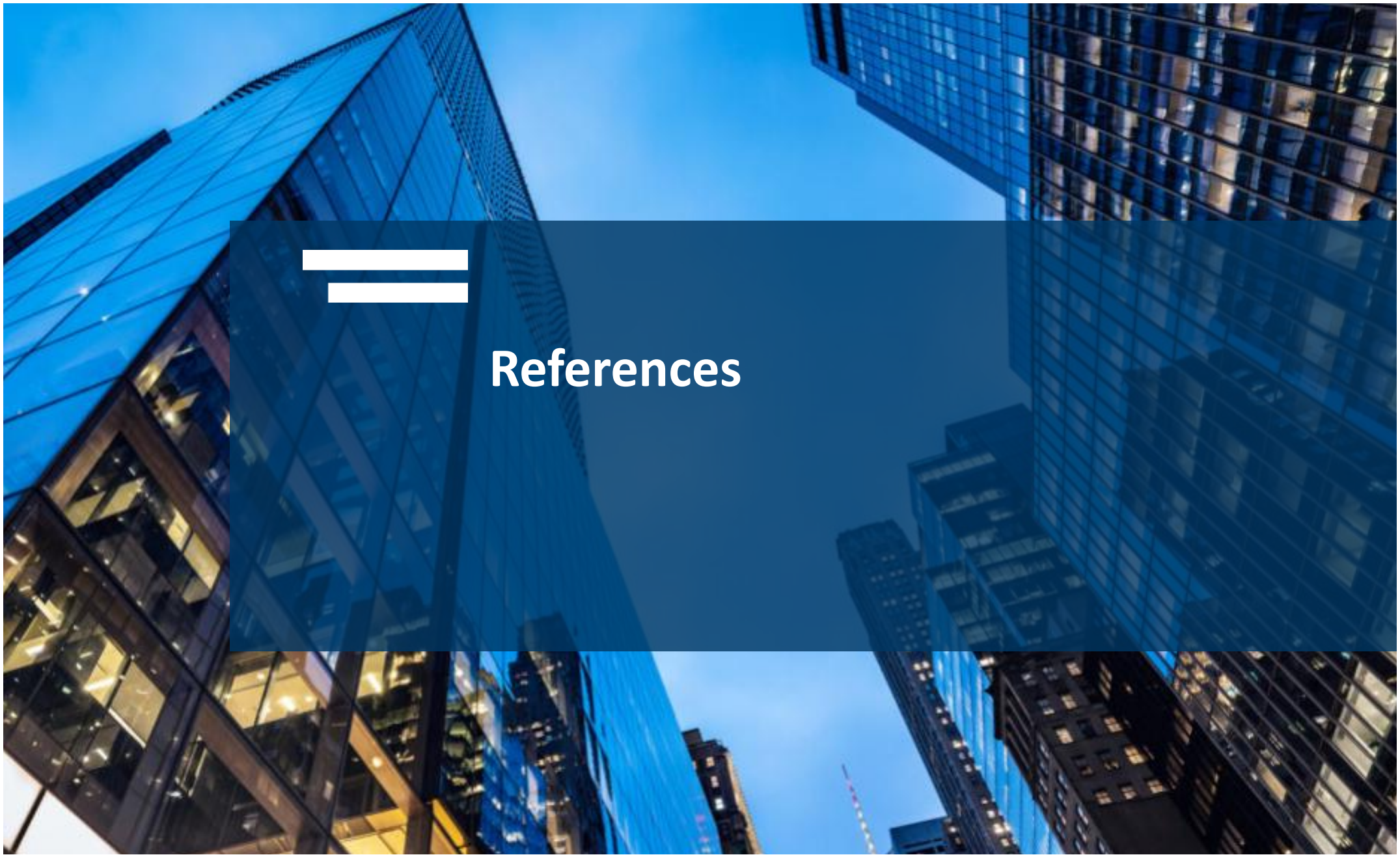
For your information and guidance.

RAMON S. MONZON
President and Chief Executive Officer

[1] *As previously announced, the existing accreditation of FTI Consulting Philippines, Inc. is valid from December 29, 2023 to December 29, 2024.*

CMDD	FD	IRD	MOD	TD	HRD / RISK / SU	CCD / FMD / AD	OGC	COO

Tel. No. (632) 8876-4888 E-mail Address: info@pse.com.ph



References

FTI CONSULTING™

References

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- https://firebasestorage.googleapis.com/v0/b/database-project-32188.appspot.com/o/insights%2F3GhnUFxIkZfJ7NHwaHUp%2Fpdf?alt=media&token=1aa9e785-d0c6-49a6-a64d-b7a8f56a3b41
- https://www.leechiu.com/market-insights



Experts with Impact™

FTI CONSULTING™

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

Science Hub Tower 1

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:



LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***Science Hub Tower 1 (building and its facilities),*** located **along Campus Avenue, corner Milano Street, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;

Discounting and capitalization rates;

Extent, character and utility of the property;
Lease/Rent rates for similar property; and
Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***TWO BILLION SIX HUNDRED SEVENTY-EIGHT MILLION FIVE HUNDRED THIRTY-TWO THOUSAND (Php2,678,532,000) PESOS.***

We made no investigation of and assume no responsibility for claim to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 06-2025-0658AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***Science Hub Tower 1 (building and its facilities),*** located **along Campus Avenue corner Milano Street, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

Science Hub Tower 1 is located on the southwest corner of Campus Avenue and Milano Street; approximately 400 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 800 meters southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.20-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue and Milano Street is 30 and 12 meters wide, respectively. Both are concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, and underground drainage. Campus Avenue has a center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 2, 3 and 4
Enderun Colleges
Wells Fargo
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described as follows:

SCIENCE HUB TOWER 1

This is a ten (10)-storey reinforced concrete-framed building with roof deck and one (1) common basement, having a concrete slab and waterproof membrane finished concrete slab roof deck; gypsum board with T-runner and plywood ceilings; cement plastered concrete hollow block, tempered glass and double-wall plywood partitions; cement plastered concrete hollow block and tempered glass walls; metal louver, concrete louver, glass on steel frame and tempered glass on powdered coated aluminum frame windows; wood panel, plywood flush, metal sheet, metal louver on steel frame and glass panel doors; and carpet tiles, ceramic tiles and plain cement with epoxy concrete slab floors.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, five (5) passenger and one (1) service elevators, and CCTV camera security system having gross floor area and gross leasable area of 24,253.64-square meter and 21,565.38-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	2,387.68	1,830.82	**HCL Technologies Philippines and Science Hub Building Administration**
Second	2,492.49	2,249.53	**First Source Solutions LTD.**
Third	2,546.77	2,298.52	**First Source Solutions LTD.**
Fourth	2,546.76	2,298.51	**ATOS**
Fifth	2,379.99	2,148.00	**Bayer GBS Manila**
Sixth	2,379.99	2,148.00	**Bayer GBS Manila**
Seventh	2,379.99	2,148.00	**Bayer GBS Manila**
Eight	2,379.99	2,148.00	**Bayer Cropscience, Inc. and Bayer Philippines, Inc.**
Ninth	2,379.99	2,148.00	**Bayer GBS Manila**
Tenth	2,379.99	2,148.00	**Vacant**
Total -	**24,253.64**	**21,565.38**	

Estimated remaining economic life is 32 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancies and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant’s inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 21,565.38 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   $$NPV = [¦FVt / (1 + i)t] - I0$$

   The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.42%, using a built-up method, the computation is shown on the next page:

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/27 yrs x 100	=	3.70%	
	Cap Rate	=	**7.518%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.418%**	
	Say	=	**10.42%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimated at 5% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 5.42% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention of selling this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
SCIENCE HUB TOWER 1

STATISTICS														
Land Area		-	sq.m.											
Gross Floor Area		24,253.64	sq.m.											
Gross Leasable Area		21,565.38	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		5.42%												
Discount Rate		10.42%												
Present Worth Factor				0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998	0.35318
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		13%	5%	3%	-1%	6%	5%	4%	5%	4%		5%
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		224,589,191	253,441,679	267,300,889	274,027,804	272,104,692	288,719,682	302,504,997	315,385,441	330,481,271	344,681,960		361,219,045
Effective Gross Revenues				**224,589,191**	**253,441,679**	**267,300,889**	**274,027,804**	**272,104,692**	**288,719,682**	**302,504,997**	**315,385,441**	**330,481,271**	**344,681,960**	**2,873,237,606**	**361,219,045**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				54,264,440	59,589,373	62,721,992	63,436,904	64,995,983	66,751,055	70,052,821	71,416,841	74,950,644	76,454,476		80,238,865
Other Operating Expenses				11,229,460	12,672,084	13,365,044	13,701,390	13,605,235	14,435,984	15,125,250	15,769,272	16,524,064	17,234,098		18,060,952
Capex Reserve				15,949,856	18,158,349	19,163,729	19,731,295	19,394,808	20,797,725	21,779,376	22,866,616	23,949,674	25,148,356		26,343,392
Total				81,443,756	90,419,806	95,250,765	96,869,589	97,996,026	101,984,764	106,957,447	110,052,730	115,424,382	118,836,931		124,643,208
Total				**81,443,756**	**90,419,806**	**95,250,765**	**96,869,589**	**97,996,026**	**101,984,764**	**106,957,447**	**110,052,730**	**115,424,382**	**118,836,931**	**1,015,236,194**	**124,643,208**
NET OPERATING INCOME				**143,145,435**	**163,021,873**	**172,050,123**	**177,158,216**	**174,108,667**	**186,734,918**	**195,547,550**	**205,332,711**	**215,056,889**	**225,845,029**	**1,858,001,412**	**236,575,837**
ADD: Reversion Value (Resale Value)															4,364,867,838.87
LESS: Marketing Cost	0.0%	of Resale Value													-
Net Reversion Value															**4,364,867,839**
Present Worth Factor @	10.42%	discount rate		0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998		0.35318
Present Worth of Net Income				**136,224,001**	**140,499,334**	**134,287,513**	**125,225,910**	**111,456,537**	**108,258,735**	**102,669,643**	**97,633,772**	**92,607,795**	**88,075,878**	**1,136,939,120**	
Present Worth of Net Reversion Value															**1,541,593,246**

Total Present Value of Net Income	**1,136,939,120**
Present Worth of Net Reversion Value	**1,541,593,246**
Total	**2,678,532,366**
Market Value of Property (Building and its facilities)	**PhP 2,678,532,366**
Rounded to	**PhP 2,678,532,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php2,678,532,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

Science Hub Tower 3

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-004AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***Science Hub Tower 3 (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvements, the land where the said improvements stand should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;
>
> Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***TWO BILLION FIVE HUNDRED FIFTY-EIGHT MILLION TWO HUNDRED EIGHTY-ONE THOUSAND (Php2,558,281,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:atv:mfm

CAI File No. 06-2025-0658-004AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 06-2025-0658-004AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***Science Hub Tower 3 (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The site is located on the southwest side of Campus Avenue; approximately 500 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 1-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.20-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete-paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hil is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 and 4
Enderun Colleges
Wells Fargo
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described as follows:

SCIENCE HUB TOWER 3

This is a ten (10)-storey reinforced concrete-framed building with roof deck and one (1) common basement, having a concrete slab and waterproof membrane finished concrete slab roof deck; gypsum board with T-runner and plywood ceilings; cement plastered concrete hollow block, tempered glass and double-wall plywood partitions; cement plastered concrete hollow block and tempered glass walls; metal louver, concrete louver, glass on steel frame and tempered glass on powdered coated aluminum frame windows; wood panel, plywood flush, metal sheet, metal louver on steel frame and glass panel doors; and carpet tiles, ceramic tiles and plain cement with epoxy concrete slab floors.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, five (5) passenger and one (1) service elevators, and CCTV camera security system having gross floor area and gross leasable area of 23,287.28-square meter and 20,516.88-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	1,753.26	1,390.88	**Optum and 7-Eleven**
Second	2,392.54	2,125.00	**Optum**
Third	2,392.54	2,125.00	**Optum**
Fourth	2,392.54	2,125.00	**Optum**
Fifth	2,392.54	2,125.00	**HCL Services Philippines, Inc.**
Sixth	2,392.54	2,125.00	**HCL Technologies Philippines, Inc.**
Seventh	2,392.54	2,125.00	**HCL Technologies Philippines, Inc.**
Eight	2,392.54	2,125.00	**HCL Technologies Philippines, Inc.**
Ninth	2,392.54	2,125.00	**Samsung R&D Institute Philippines**
Tenth	2,393.67	2,126.00	**Eviden**
Total -	**23,287.28**	**20,516.88**	

Estimated remaining economic life is 32 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 20,516.88 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   $$NPV = [¦FVt / (1 + i)t] - I0$$

   The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.42%, using a built-up method, the computation is shown below;

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate			=	5.526%	auction date: 30 June 2025
Below one year time deposit			=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average			=	4.772%	
Less: 20% withholding tax			=	0.954%	
			=	3.818%	
Plus: Recapture rate of the building	=	1/REL of the Bldg.			
	=	1/27 yrs x 100	=	3.70%	
		Cap Rate	=	**7.518%**	
Plus: Inflation Rate			=	2.90%	inflation rate for December 2024 (PSA)
		Discount Rate	=	**10.418%**	
		Say	=	**10.42%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 4% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 6.42% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention sale this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
SCIENCE HUB TOWER 3

STATISTICS														
Land Area		-	sq.m.											
Gross Floor Area		23,287.28	sq.m.											
Gross Leasable Area		20,516.88	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		6.42%												
Discount Rate		10.42%												
Present Worth Factor				0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998	0.35318
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		2%	4%	4%	4%	4%	5%	4%	5%	4%		5%
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		248,335,886	253,481,666	264,189,823	274,891,051	285,976,673	298,261,564	312,563,061	326,081,258	341,752,334	356,656,146		373,833,811
Effective Gross Revenues				**248,335,886**	**253,481,666**	**264,189,823**	**274,891,051**	**285,976,673**	**298,261,564**	**312,563,061**	**326,081,258**	**341,752,334**	**356,656,146**	**2,962,189,460**	**373,833,811**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				54,449,199	57,612,515	60,313,509	61,445,208	64,264,416	65,564,197	68,808,770	70,239,059	73,716,198	75,293,092		79,021,714
Other Operating Expenses				12,416,794	12,674,083	13,209,491	13,744,553	14,298,834	14,913,078	15,628,153	16,304,063	17,087,617	17,832,807		18,691,691
Capex Reserve				18,184,894	18,357,411	19,106,482	20,009,929	20,783,132	21,820,219	22,856,493	23,997,693	25,140,925	26,399,098		27,660,418
Total				85,050,888	88,644,010	92,629,482	95,199,689	99,346,382	102,297,494	107,293,416	110,540,815	115,944,740	119,524,997		125,373,822
Total				**85,050,888**	**88,644,010**	**92,629,482**	**95,199,689**	**99,346,382**	**102,297,494**	**107,293,416**	**110,540,815**	**115,944,740**	**119,524,997**	**1,016,471,913**	**125,373,822**
NET OPERATING INCOME				**163,284,998**	**164,837,656**	**171,560,341**	**179,691,362**	**186,630,291**	**195,964,070**	**205,269,645**	**215,540,442**	**225,807,594**	**237,131,148**	**1,945,717,546**	**248,459,989**
ADD: Reversion Value (Resale Value)															3,870,093,291.27
LESS: Marketing Cost		0.0% of Resale Value													-
Net Reversion Value															**3,870,093,291**
Present Worth Factor @	10.42%	discount rate		0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998		0.35318
Present Worth of Net Income				**155,389,766**	**142,064,254**	**133,905,231**	**127,016,488**	**119,472,318**	**113,609,295**	**107,774,099**	**102,487,453**	**97,237,264**	**92,477,280**	**1,191,433,449**	
Present Worth of Net Reversion Value															**1,366,847,726**

Total Present Value of Net Income	**1,191,433,449**
Present Worth of Net Reversion Value	**1,366,847,726**
Total	**2,558,281,175**

Market Value of Property (Building and its facilities)		**PhP**	**2,558,281,175**
	Rounded to	**PhP**	**2,558,281,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php2,558,281,000.**

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

Science Hub Tower 4

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:



LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-001A**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***Science Hub Tower 4 (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;

Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***TWO BILLION FOUR HUNDRED FOURTEEN MILLION EIGHT HUNDRED TWENTY-SIX THOUSAND (Php2,414,826,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658-001AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 06-2025-0658-001AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***Science Hub Tower 4 (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

Science Hub Tower 4 is located on the southwest side of Campus Avenue; approximately 600 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 1.10-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.50-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 and 3
Enderun Colleges
Wells Fargo
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described as follows:

SCIENCE HUB TOWER 4

This is a ten (10)-storey reinforced concrete-framed building with roof deck and one (1) common basement, having a concrete slab and waterproof membrane finished concrete slab roof deck; gypsum board with T-runner and plywood ceilings; cement plastered concrete hollow block, tempered glass and double-wall plywood partitions; cement plastered concrete hollow block and tempered glass walls; metal louver, concrete louver, glass on steel frame and tempered glass on powdered coated aluminum frame windows; wood panel, plywood flush, metal sheet, metal louver on steel frame and glass panel doors; and carpet tiles, ceramic tiles and plain cement with epoxy concrete slab floors.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, five (5) passenger and one (1) service elevators, and CCTV camera security system having gross floor area and gross leasable area of 23,428.41-square meter and 20,690.76-square meter, as allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	1,578.81	1,358.76	**Cognizant Technology Solutions Philippines, Inc., Subway and Starbucks Coffee**
Second	2,427.73	2,148.00	**Cognizant Technology Solutions Philippines, Inc.**
Third	2,427.73	2,148.00	**Cognizant Technology Solutions Philippines, Inc.**
Fourth	2,427.73	2,148.00	**Cognizant Technology Solutions Philippines, Inc.**
Fifth	2,427.73	2,148.00	**HCL Technologies Philippines, Inc.**
Sixth	2,427.73	2,148.00	**Anthem Solutions, Inc.**
Seventh	2,427.73	2,148.00	**Samsung Electronics Philippines Corp.**
Eight	2,427.73	2,148.00	**Samsung Electronics Philippines Corp.**
Ninth	2,427.73	2,148.00	**Samsung Electronics Philippines Corp.**
Tenth	2,427.73	2,148.00	**Samsung Electronics Philippines Corp.**
Total -	**23,428.41**	**20,690.76**	

Estimated remaining economic life is 32 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 20,690.76 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   $$NPV = [¦FVt / (1 + i)t] - I0$$

   The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.42%, using a built-up method, the computation is shown on the next page:

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/27 yrs x 100	=	3.70%	
	Cap Rate	=	**7.518%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.418%**	
	Say	=	**10.42%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimated at 3% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 7.42% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention sale this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
SCIENCE HUB TOWER 4

STATISTICS															
Land Area		-	sq.m.												
Gross Floor Area		23,428.41	sq.m.												
Gross Leasable Area		20,690.76	sq.m.												
Vacancy Rate (incl. bad debts)			(ave.)												
Terminal Capitalization Rate		7.42%													
Discount Rate		10.42%													
Present Worth Factor				0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998		0.35318
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		2035
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		2%	4%	4%	3%	-2%	5%	4%	5%	4%		5%
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		265,337,293	270,409,988	282,231,712	293,863,587	302,308,082	297,058,787	311,294,339	324,729,070	340,326,528	355,138,319		372,233,874
Effective Gross Revenues				**265,337,293**	**270,409,988**	**282,231,712**	**293,863,587**	**302,308,082**	**297,058,787**	**311,294,339**	**324,729,070**	**340,326,528**	**355,138,319**	**3,042,697,706**	**372,233,874**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				56,320,653	59,684,244	62,517,129	63,746,623	66,304,226	65,763,011	69,017,205	70,438,834	73,925,631	75,492,977		79,231,251
Other Operating Expenses				13,266,865	13,520,499	14,111,586	14,693,179	15,115,404	14,852,939	15,564,717	16,236,454	17,016,326	17,756,916		18,611,694
Capex Reserve				19,613,242	19,758,789	20,600,477	21,582,556	22,131,032	21,686,470	22,715,538	23,849,674	24,984,968	26,235,353		27,487,929
Total				89,200,759	92,963,532	97,229,192	100,022,358	103,550,662	102,302,421	107,297,460	110,524,962	115,926,925	119,485,246		125,330,874
Total				**89,200,759**	**92,963,532**	**97,229,192**	**100,022,358**	**103,550,662**	**102,302,421**	**107,297,460**	**110,524,962**	**115,926,925**	**119,485,246**	**1,038,503,518**	**125,330,874**
NET OPERATING INCOME				**176,136,533**	**177,446,456**	**185,002,520**	**193,841,229**	**198,757,420**	**194,756,367**	**203,996,879**	**214,204,109**	**224,399,603**	**235,653,073**	**2,004,194,188**	**246,903,001**
ADD: Reversion Value (Resale Value)															3,327,533,699.96
LESS: Marketing Cost	0.0%	of Resale Value													-
Net Reversion Value															**3,327,533,700**
Present Worth Factor @	10.42%	discount rate		0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998		0.35318
Present Worth of Net Income				**167,619,898**	**152,931,066**	**144,397,038**	**137,018,451**	**127,235,561**	**112,909,134**	**107,105,851**	**101,852,039**	**96,630,955**	**91,900,855**	**1,239,600,848**	
Present Worth of Net Reversion Value															**1,175,225,383**

Total Present Value of Net Income	**1,239,600,848**
Present Worth of Net Reversion Value	**1,175,225,383**
Total	**2,414,826,232**

Market Value of Property (Building an	**d its facilities)**	**PhP**	**2,414,826,232**
	Rounded to	**PhP**	**2,414,826,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php2,414,826,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

8 Campus Place Tower A

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-005AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***8 Campus Place Tower A (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;

Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***NINE HUNDRED FORTY MILLION THREE HUNDRED TWENTY-SIX THOUSAND (Php940,326,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:atv:mfm

CAI File No. 06-2025-0658-005AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 06-2025-0658-005AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of **30 September *2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***8 Campus Place Tower A (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

8 Campus Place Tower A is located on the northeast side of Campus Avenue; approximately 600 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 1.10-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.50-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 3, and 4
Enderun Colleges
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described as follows:

8 Campus Place Tower A

This is a five (5)-storey reinforced concrete-framed building with a roof deck, having a concrete slab and waterproof membrane finished concrete slab roof deck; acoustic board with T-runner, and fiber cement board ceilings; cement plastered concrete hollow block and tempered glass walls; cement plastered concrete hollow block, glass on aluminum frame, tempered glass and double-wall plywood partitions; metal louver; glass on steel frame and tempered glass on powdered coated aluminum frame windows; metal sheet, metal louver on steel frame, glass on aluminum frame and sliding glass panel doors; and carpet tiles, ceramic tiles, marble tiles and plain cement finish concrete floors.

The building is interconnected with 8 Campus Place Towers B and C with one hundred sixty-seven (167) parking slots.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, three (3) passenger and one (1) service elevators, and CCTV camera security system, having gross floor area and gross leasable area of 12,557.52-square meter and 9,862.00-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	1,138.35	894.00	**WELLS FARGO INTERNATIONAL SOLUTIONS**
Second	2,854.79	2,242.00	
Third	2,854.79	2,242.00	
Fourth	2,854.79	2,242.00	
Fifth	2,854.79	2,242.00	
Total -	**12,557.52**	**9,862.00**	

Estimated remaining economic life is 38 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;

2. Gross Leasable Area is 9,862.00 square meters;

3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;

4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [¦FVt / (1 + i)t] - I0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.17%, using a built-up method, the computation is shown below;

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/29 yrs x 100	=	3.45%	
	Cap Rate	=	**7.268%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.168%**	
	Say	=	**10.17%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 2% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 8.17% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention sale this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
8 CAMPUS PLACE TOWER A

STATISTICS														
Land Area			sq.m.											
Gross Floor Area		12,557.52	sq.m.											
Gross Leasable Area		9,862.00	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		8.17%												
Discount Rate		10.17%												
Present Worth Factor				0.95273	0.86478	0.78495	0.71249	0.64672	0.58702	0.53283	0.48364	0.43900	0.39847	0.36169
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		0%	1%	0%	1%	3%	5%	4%	5%	4%		5%
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		108,303,052	108,325,828	108,945,571	108,976,302	109,611,395	113,046,537	118,427,779	123,413,924	129,304,048	134,801,273		141,250,944
Effective Gross Revenues				**108,303,052**	**108,325,828**	**108,945,571**	**108,976,302**	**109,611,395**	**113,046,537**	**118,427,779**	**123,413,924**	**129,304,048**	**134,801,273**	**1,163,155,709**	**141,250,944**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				18,382,910	19,528,206	20,013,631	20,016,858	20,525,356	20,886,046	21,915,439	22,438,984	23,545,502	24,122,710		25,312,874
Other Operating Expenses				5,415,153	5,416,291	5,447,279	5,448,815	5,480,570	5,652,327	5,921,389	6,170,696	6,465,202	6,740,064		7,062,547
Capex Reserve				8,365,799	8,253,433	8,259,532	8,262,128	8,267,166	8,557,435	8,961,045	9,382,374	9,826,381	10,290,897		10,779,452
Total				32,163,862	33,197,931	33,720,441	33,727,801	34,273,091	35,095,808	36,797,872	37,992,054	39,837,085	41,153,671		43,154,873
Total				**32,163,862**	**33,197,931**	**33,720,441**	**33,727,801**	**34,273,091**	**35,095,808**	**36,797,872**	**37,992,054**	**39,837,085**	**41,153,671**	**357,959,617**	**43,154,873**
NET OPERATING INCOME				**76,139,190**	**75,127,898**	**75,225,130**	**75,248,500**	**75,338,304**	**77,950,729**	**81,629,906**	**85,421,870**	**89,466,962**	**93,647,602**	**805,196,092**	**98,096,071**
ADD: Reversion Value (Resale Value)															1,200,686,301.32
LESS: Marketing Cost	0.0%	of Resale Value													-
Net Reversion Value															**1,200,686,301**
Present Worth Factor (	10.17%	discount rate		0.95273	0.86478	0.78495	0.71249	0.64672	0.58702	0.53283	0.48364	0.43900	0.39847		0.36169
Present Worth of Net Income				**72,539,838**	**64,969,004**	**59,047,915**	**53,613,743**	**48,722,635**	**45,758,498**	**43,494,819**	**41,313,687**	**39,275,726**	**37,315,979**	**506,051,844**	
Present Worth of Net Reversion Value															**434,274,558**

Total Present Value of Net Income	**506,051,844**
Present Worth of Net Reversion Value	**434,274,558**
Total	**940,326,402**

Market Value of Property (Building and its facilities)		**PhP**	**940,326,402**
	Rounded to	**PhP**	**940,326,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php940,326,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

8 Campus Place Tower B

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

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Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-006AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the site of ***8 Campus Place Tower B (building and its facilities),*** located **within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;
>
> Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***EIGHT HUNDRED NINETY-SEVEN MILLION FIVE HUNDRED FORTY-TWO THOUSAND (Php897,542,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658-006AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 06-2025-0658-006AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***8 Campus Place Tower B (building and its facilities),*** located **within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

8 Campus Place Tower B is located on the northeast side of Campus Avenue; approximately 600 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 1.10-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.50-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 3, and 4
Enderun Colleges
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described on the next page:

8 Campus Place Tower B

This is a five (5)-storey reinforced concrete-framed building with a roof deck, having a concrete slab and waterproof membrane finished concrete slab roof deck; acoustic board with T-runner, and fiber cement board ceilings; cement plastered concrete hollow block and tempered glass walls; cement plastered concrete hollow block, glass on aluminum frame, tempered glass and double-wall plywood partitions; metal louver; glass on steel frame and tempered glass on powdered coated aluminum frame windows; metal sheet, metal louver on steel frame, glass on aluminum frame and sliding glass panel doors; and carpet tiles, ceramic tiles, marble tiles and plain cement finish concrete floors.

The building is interconnected with 8 Campus Place Towers A and C with one hundred sixty-seven (167) parking slots, and it features a cafeteria on the second floor.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, three (3) passenger and one (1) service elevators, and CCTV camera security system, having gross floor area and gross leasable area of 11,720.12-square meter and 9,332.00-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	1,390.37	588.00	**WELLS FARGO INTERNATIONAL SOLUTIONS**
Second	2,582.44	2,186.00	
Third	2,582.44	2,186.00	
Fourth	2,582.44	2,186.00	
Fifth	2,582.44	2,186.00	
Total -	**11,720.12**	**9,332.00**	

Estimated remaining economic life is 38 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 9,332.00 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [¡FVt / (1 + i)t] - I0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.17%, using a built-up method, the computation is shown below:

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/29 yrs x 100	=	3.45%	
	Cap Rate	=	**7.268%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.168%**	
	Say	=	**10.17%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 2% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 8.17% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention of selling this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
8 CAMPUS PLACE TOWER B

STATISTICS														
Land Area			sq.m.											
Gross Floor Area		11,720.12	sq.m.											
Gross Leasable Area		9,332.00	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		8.17%												
Discount Rate		10.17%												
Present Worth Factor				0.9527	0.8647	0.7849	0.7124	0.6467	0.5870	0.5328	0.4836	0.4390	0.3984	0.3616
				202	202	202	202	202	203	203	203	203	203	203
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		0%	1%	0%	1%	3	5	4	5	4		5
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		103,223,30	103,241,82	103,848,02	103,907,60	104,548,56	107,845,72	112,981,43	117,745,34	123,367,06	128,619,28		134,775,4
Effective Gross Revenues				**103,223,304**	**103,241,825**	**103,848,022**	**103,907,608**	**104,548,567**	**107,845,72**	**112,981,43**	**117,745,34**	**123,367,06**	**128,619,28**	**1,109,328,18**	**134,775,40**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				17,473,597	18,564,568	19,026,087	19,032,370	19,517,852	19,864,39	20,843,50	21,344,09	22,396,69	22,948,60		24,080,91
Other Operating Expenses				5,161,165	5,162,091	5,192,401	5,195,380	5,227,426	5,392,28	5,649,07	5,887,26	6,168,35	6,430,96		6,738,77
Capex Reserve				7,978,690	7,871,353	7,878,781	7,883,814	7,891,948	8,170,523	8,556,08	8,958,59	9,382,76	9,826,53		10,293,26
Total				30,613,452	31,598,012	32,097,269	32,111,564	32,637,228	33,427,20	35,048,66	36,189,96	37,947,81	39,206,09		41,112,94
Total				**30,613,452**	**31,598,012**	**32,097,269**	**32,111,564**	**32,637,228**	**33,427,20**	**35,048,66**	**36,189,96**	**37,947,81**	**39,206,09**	**340,877,27**	**41,112,94**
NET OPERATING INCOME				**72,609,852**	**71,643,817**	**71,750,752**	**71,796,044**	**71,911,339**	**74,418,51**	**77,932,77**	**81,555,38**	**85,419,25**	**89,413,18**	**768,450,91**	**93,662,45**
ADD: Reversion Value (Resale Value)															1,146,419,310.1
LESS: Marketing Cost		0.0% of Resale Value													-
Net Reversion Value															**1,146,419,31**
Present Worth Factor	10.17%	discount rate		0.95273	0.86478	0.78495	0.71249	0.64672	0.58702	0.53283	0.48364	0.43900	0.3984		0.3616
Present Worth of Net Income				**69,177,343**	**61,956,045**	**56,320,705**	**51,153,905**	**46,506,355**	**43,685,02**	**41,524,87**	**39,443,68**	**37,498,79**	**35,628,68**	**482,895,41**	
Present Worth of Net Reversion Value															**414,646,80**

Total Present Value of Net Income	**482,895,41**
Present Worth of Net Reversion Value	**414,646,80**
Total	**897,542,22**

Market Value of Property (Building an	**d its facilities)**	**PhP**	**897,542,223**
	Rounded to	**PhP**	**897,542,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php897,542,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

8 Campus Place Tower C

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:



LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
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06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-008AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***8 Campus Place Tower C (building and its facilities),*** located **within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;
>
> Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***NINE HUNDRED FORTY-SIX MILLION FOUR HUNDRED EIGHTY-TWO THOUSAND (Php946,482,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658-008AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

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6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 06-2025-0658-008AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

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It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***8 Campus Place Tower C (building and its facilities),*** located **within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

8 Campus Place Tower C is located on the northeast side of Campus Avenue; approximately 600 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 1.10-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.50-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

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Strategically located in the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

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Venice Grand Canal Mall
Science Hub Towers 1, 2 3, and 4
Enderun Colleges
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described on the next page:

8 Campus Place Tower C

This is a five (5)-storey reinforced concrete-framed building with a roof deck, having a concrete slab and waterproof membrane finished concrete slab roof deck; acoustic board with T-runner, and fiber cement board ceilings; cement plastered concrete hollow block and tempered glass walls; cement plastered concrete hollow block, glass on aluminum frame, tempered glass and double-wall plywood partitions; metal louver; glass on steel frame and tempered glass on powdered coated aluminum frame windows; metal sheet, metal louver on steel frame, glass on aluminum frame and sliding glass panel doors; and carpet tiles, ceramic tiles, marble tiles and plain cement finish concrete floors.

The building is interconnected with 8 Campus Place Towers A and B with one hundred sixty-seven (167) parking slots.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, three (3) passenger and one (1) service elevators, and CCTV camera security system, having gross floor area and gross leasable area of 12,443.74-square meter and 9,991.00- square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	765.98	615.00	**WELLS FARGO INTERNATIONAL SOLUTIONS**
Second	2,919.44	2,344.00	
Third	2,919.44	2,344.00	
Fourth	2,919.44	2,344.00	
Fifth	2,919.44	2,344.00	
Total -	**12,443.74**	**9,991.00**	

Estimated remaining economic life is 38 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 9,991.00 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [¦FVt / (1 + i)t] - I0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.17%, using built-up method, the computation is shown below;

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/29 yrs x 100	=	3.45%	
	Cap Rate	=	**7.268%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.168%**	
	Say	=	**10.17%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 2% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 8.17% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention of selling this property on the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
8 CAMPUS PLACE TOWER C

STATISTICS															
Land Area			sq.m.												
Gross Floor Area		12,443.74	sq.m.												
Gross Leasable Area		9,991.00	sq.m.												
Vacancy Rate (incl. bad debts)			(ave.)												
Terminal Capitalization Rate		8.17%													
Discount Rate		10.17%													
Present Worth Factor				0.9527	0.8647	0.7849	0.7124	0.6467	0.5870	0.5328	0.4836	0.4390	0.3984		0.3616
				2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		2035
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		0%	1%	0%	1%	3%	5%	4%	5%	4%		5%
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		109,171,916	109,171,916	109,770,23	109,770,23	110,389,49	113,842,38	119,259,82	124,275,14	130,204,59	135,733,99		142,226,44
Effective Gross Revenues				**109,171,916**	**109,171,916**	**109,770,236**	**109,770,236**	**110,389,498**	**113,842,387**	**119,259,820**	**124,275,142**	**130,204,599**	**135,733,991**	**1,171,589,744**	**142,226,440**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				18,574,416	19,725,379	20,214,140	20,214,140	20,726,846	21,089,399	22,128,761	22,655,370	23,772,502	24,353,088		25,554,559
Other Operating Expenses				5,458,596	5,458,596	5,488,512	5,488,512	5,519,475	5,692,119	5,962,991	6,213,757	6,510,230	6,786,700		7,111,322
Capex Reserve				8,428,066	8,312,969	8,316,642	8,316,642	8,319,696	8,611,465	9,017,454	9,441,248	9,887,866	10,355,100		10,846,519
Total				32,461,077	33,496,944	34,019,294	34,019,294	34,566,016	35,392,983	37,109,206	38,310,376	40,170,598	41,494,887		43,512,400
Total				**32,461,077**	**33,496,944**	**34,019,294**	**34,019,294**	**34,566,016**	**35,392,983**	**37,109,206**	**38,310,376**	**40,170,598**	**41,494,887**	**361,040,675**	**43,512,400**
NET OPERATING INCOME				**76,710,839**	**75,674,972**	**75,750,942**	**75,750,942**	**75,823,482**	**78,449,404**	**82,150,614**	**85,964,767**	**90,034,001**	**94,239,104**	**810,549,068**	**98,714,040**
ADD: Reversion Value (Resale Value)															1,208,250,182.68
LESS: Marketing Cost	0.0%	of Resale Value													-
Net Reversion Value															**1,208,250,183**
Present Worth Factor	10.17%	discount rate		0.95273	0.86478	0.78495	0.71249	0.64672	0.58702	0.53283	0.48364	0.43900	0.39847		0.36169
Present Worth of Net Income				**73,084,463**	**65,442,103**	**59,460,652**	**53,971,727**	**49,036,408**	**46,051,229**	**43,772,267**	**41,576,255**	**39,524,654**	**37,551,676**	**509,471,436**	
Present Worth of Net Reversion Value															**437,010,328**

Total Present Value of Net Income	**509,471,436**
Present Worth of Net Reversion Value	**437,010,328**
Total	**946,481,763**

Market Value of Property (Building an	**d its facilities)**	**Php**	**946,481,763**
	Rounded to	**Php**	**946,482,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php946,482,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

One Campus Place A

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-009AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***One Campus Place A (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;
>
> Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***ONE BILLION ONE HUNDRED TWENTY-TWO MILLION NINE HUNDRED NINETY-NINE THOUSAND (Php1,122,999,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658-009AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 06-2025-0658-009AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***One Campus Place A (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

One Campus Place A is located on the northeast side of Campus Avenue; approximately 260 meters southeast from the corner of Upper McKinley Hill Road and Park Avenue; 1-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.20-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 3, and 4
Enderun Colleges
McKinley Hill Stadium
Wells Fargo

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described on the next page:

One Campus Place A

This is a six (6)-storey reinforced concrete-framed building with a roof deck, having a concrete slab; acoustic board with T-runner, and fiber cement board ceilings; cement plastered concrete hollow block and glass on powder coated aluminum frame walls; cement plastered concrete hollow block, glass on aluminum frame, fixed glass and double-wall plywood partitions; metal louver; glass on steel casement frame and glass on powdered coated aluminum frame windows; metal sheet, metal louver on steel frame, glass on aluminum frame and sliding glass panel doors; and carpet tiles, ceramic tiles, and plain cement finish concrete floors.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, two (2) passenger and one (1) service elevators, and CCTV camera security system, having gross floor area and gross leasable area of 13,445.00-square meter and 12,120.47-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	1,951.75	805.57	**VFS Services Philippines Private, Inc.**
Second	2,158.50	2,125.00	**Bureau of Internal Revenue**
Third	2,163.57	2,130.00	**Canon Business Service Centre Philippines, Inc.**
Fourth	2,163.57	2,130.00	**Megaworld**
Fifth	2,163.57	2,130.00	**Canon Business Service Centre Philippines, Inc.**
Sixth	2,163.57	2,130.00	**Vacant**
Roof deck	680.46	669.90	
Total -	**13,445.00**	**12,120.47**	

Estimated remaining economic life is 34 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 12,120.47 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [¦FVt / (1 + i)t] - I0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.42%, using a built-up method, the computation is shown below:

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/27 yrs x 100	=	3.70%	
	Cap Rate	=	**7.518%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.418%**	
	Say	=	**10.42%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 4% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 6.42% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention of selling this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
ONE CAMPUS PLACE A

STATISTICS														
Land Area			sq.m.											
Gross Floor Area		13,445.00	sq.m.											
Gross Leasable Area		12,120.47	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		6.42%												
Discount Rate		10.42%												
Present Worth Factor				0.9516	0.8618	0.7805	0.7068	0.6401	0.5797	0.5250	0.4754	0.4306	0.3899	0.3531
				202	202	202	202	202	203	203	203	203	203	203
			Year	1	2	3	4	5	6	7	8	9	10	Totals	11
GROSS REVENUES			Escalation		6%	4%	2%	3%	4%	4%	4%	4%	4%		4%
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		114,001,54	121,304,75	126,127,22	129,128,76	133,108,53	137,773,80	143,398,90	148,557,78	154,711,41	160,399,08		167,133,71
Effective Gross Revenues				**114,001,542**	**121,304,756**	**126,127,221**	**129,128,762**	**133,108,530**	**137,773,800**	**143,398,901**	**148,557,788**	**154,711,410**	**160,399,084**	**1,368,511,794**	**167,133,719**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				28,123,556	30,078,076	31,465,729	31,780,891	33,124,624	33,614,477	35,177,778	35,719,462	37,387,425	37,984,631		39,765,245
Other Operating Expenses				5,700,077	6,065,238	6,306,361	6,456,438	6,655,426	6,888,690	7,169,945	7,427,889	7,735,571	8,019,954		8,356,686
Capex Reserve				8,080,210	8,578,563	8,901,053	9,154,683	9,401,665	9,795,881	10,177,376	10,613,302	11,034,712	11,515,321		11,980,843
Total				41,903,843	44,721,878	46,673,143	47,392,012	49,181,715	50,299,048	52,525,099	53,760,653	56,157,708	57,519,906		60,102,774
Total				**41,903,843**	**44,721,878**	**46,673,143**	**47,392,012**	**49,181,715**	**50,299,048**	**52,525,099**	**53,760,653**	**56,157,708**	**57,519,906**	**500,135,006**	**60,102,774**
NET OPERATING INCOME				**72,097,698**	**76,582,879**	**79,454,078**	**81,736,749**	**83,926,815**	**87,474,752**	**90,873,801**	**94,797,135**	**98,553,702**	**102,879,178**	**868,376,788**	**107,030,945**
ADD: Reversion Value (Resale Value)															1,667,148,674.30
LESS: Marketing Cost		0.0%	of Resale Value												-
Net Reversion Value															**1,667,148,674**
Present Worth Factor		10.42%	discount rate	0.95165	0.86184	0.78051	0.70686	0.64016	0.57975	0.52504	0.47549	0.43062	0.38998		0.35318
Present Worth of Net Income				**68,611,597**	**66,002,452**	**62,015,012**	**57,776,371**	**53,726,172**	**50,713,097**	**47,712,082**	**45,075,146**	**42,439,194**	**40,121,201**	**534,192,326**	
Present Worth of Net Reversion Value															**588,807,092**

Total Present Value of Net Income	**534,192,326**
Present Worth of Net Reversion Value	**588,807,092**
Total	**1,122,999,417**

Market Value of Property (Building and its facilities)		**PhP**	**1,122,999,417**
	Rounded to	**PhP**	**1,122,999,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php1,122,999,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

8 Campus Place Tower B

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-006AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the site of ***8 Campus Place Tower B (building and its facilities),*** located **within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;
>
> Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***EIGHT HUNDRED NINETY-SEVEN MILLION FIVE HUNDRED FORTY-TWO THOUSAND (Php897,542,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658-006AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

CAI File No. 06-2025-0658-006AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***8 Campus Place Tower B (building and its facilities),*** located **within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

8 Campus Place Tower B is located on the northeast side of Campus Avenue; approximately 600 meters south from the corner of Upper McKinley Hill Road and Park Avenue; 1.10-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.50-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located at the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 3, and 4
Enderun Colleges
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described on the next page:

8 Campus Place Tower B

This is a five (5)-storey reinforced concrete-framed building with a roof deck, having a concrete slab and waterproof membrane finished concrete slab roof deck; acoustic board with T-runner, and fiber cement board ceilings; cement plastered concrete hollow block and tempered glass walls; cement plastered concrete hollow block, glass on aluminum frame, tempered glass and double-wall plywood partitions; metal louver; glass on steel frame and tempered glass on powdered coated aluminum frame windows; metal sheet, metal louver on steel frame, glass on aluminum frame and sliding glass panel doors; and carpet tiles, ceramic tiles, marble tiles and plain cement finish concrete floors.

The building is interconnected with 8 Campus Place Towers A and C with one hundred sixty-seven (167) parking slots, and it features a cafeteria on the second floor.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, three (3) passenger and one (1) service elevators, and CCTV camera security system, having gross floor area and gross leasable area of 11,720.12-square meter and 9,332.00-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	1,390.37	588.00	**WELLS FARGO INTERNATIONAL SOLUTIONS**
Second	2,582.44	2,186.00	
Third	2,582.44	2,186.00	
Fourth	2,582.44	2,186.00	
Fifth	2,582.44	2,186.00	
Total -	**11,720.12**	**9,332.00**	

Estimated remaining economic life is 38 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 9,332.00 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

$$NPV = [¡FVt / (1 + i)t] - I0$$

The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.17%, using a built-up method, the computation is shown below:

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate		=	5.526%	auction date: 30 June 2025
Below one year time deposit		=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average		=	4.772%	
Less: 20% withholding tax		=	0.954%	
		=	3.818%	
Plus: Recapture rate of the building	= 1/REL of the Bldg.			
	= 1/29 yrs x 100	=	3.45%	
	Cap Rate	=	**7.268%**	
Plus: Inflation Rate		=	2.90%	inflation rate for December 2024 (PSA)
	Discount Rate	=	**10.168%**	
	Say	=	**10.17%**	

Note*: REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 2% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 8.17% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention of selling this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
8 CAMPUS PLACE TOWER B

STATISTICS														
Land Area			sq.m.											
Gross Floor Area		11,720.12	sq.m.											
Gross Leasable Area		9,332.00	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		8.17%												
Discount Rate		10.17%												
Present Worth Factor				0.9527	0.8647	0.7849	0.7124	0.6467	0.5870	0.5328	0.4836	0.4390	0.3984	0.3616
				202	202	202	202	202	203	203	203	203	203	203
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		0%	1%	0%	1%	3	5	4	5	4		5
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		103,223,30	103,241,82	103,848,02	103,907,60	104,548,56	107,845,72	112,981,43	117,745,34	123,367,06	128,619,28		134,775,4
Effective Gross Revenues				**103,223,304**	**103,241,825**	**103,848,022**	**103,907,608**	**104,548,567**	**107,845,72**	**112,981,43**	**117,745,34**	**123,367,06**	**128,619,28**	**1,109,328,18**	**134,775,40**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				17,473,597	18,564,568	19,026,087	19,032,370	19,517,852	19,864,39	20,843,50	21,344,09	22,396,69	22,948,60		24,080,91
Other Operating Expenses				5,161,165	5,162,091	5,192,401	5,195,380	5,227,426	5,392,28	5,649,07	5,887,26	6,168,35	6,430,96		6,738,77
Capex Reserve				7,978,690	7,871,353	7,878,781	7,883,814	7,891,948	8,170,523	8,556,08	8,958,59	9,382,76	9,826,53		10,293,26
Total				30,613,452	31,598,012	32,097,269	32,111,564	32,637,228	33,427,20	35,048,66	36,189,96	37,947,81	39,206,09		41,112,94
Total				**30,613,452**	**31,598,012**	**32,097,269**	**32,111,564**	**32,637,228**	**33,427,20**	**35,048,66**	**36,189,96**	**37,947,81**	**39,206,09**	**340,877,27**	**41,112,94**
NET OPERATING INCOME				**72,609,852**	**71,643,817**	**71,750,752**	**71,796,044**	**71,911,339**	**74,418,51**	**77,932,77**	**81,555,38**	**85,419,25**	**89,413,18**	**768,450,91**	**93,662,45**
ADD: Reversion Value (Resale Value)															1,146,419,310.1
LESS: Marketing Cost		0.0% of Resale Value													-
Net Reversion Value															**1,146,419,31**
Present Worth Factor	10.17%	discount rate		0.95273	0.86478	0.78495	0.71249	0.64672	0.58702	0.53283	0.48364	0.43900	0.3984		0.3616
Present Worth of Net Income				**69,177,343**	**61,956,045**	**56,320,705**	**51,153,905**	**46,506,355**	**43,685,02**	**41,524,87**	**39,443,68**	**37,498,79**	**35,628,68**	**482,895,41**	
Present Worth of Net Reversion Value															**414,646,80**

Total Present Value of Net Income	**482,895,41**
Present Worth of Net Reversion Value	**414,646,80**
Total	**897,542,22**

Market Value of Property (Building an	**d its facilities)**	**PhP**	**897,542,223**
	Rounded to	**PhP**	**897,542,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php897,542,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

MARKET VALUE APPRAISAL

Property exhibited to us by the
MREIT FUND MANAGERS, INC.

Southeast Asian Campus (SEAC)

Located in
McKinley Hill, Barangay Pinagsama
Taguig City, Metro Manila

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

We express our professional statement of opinion on the valuation of certain assets described in the attached Independent Valuation Report dated 09 December 2025. Our Independent Valuation Report was made on the basis of certain information and internal data provided to us by the **MREIT FUND MANAGERS, INC.,** as well as on our inspections, research and analyses of market data which we have deemed reasonable, appropriate and applicable based on our experience as valuation professionals.

Management Responsibility of Client

The Client and its management are responsible for the preparation and fair presentation of information and internal data provided to us. Where the valuation requires actual property inspections, Client warrants that all properties inspected properly refer to the actual and only subjects of this valuation report. While we verify information and data in cases where such verification is required, our services do not cover certification on the accuracy and completeness of information provided to us by the Client and its management.

Responsibility of the Valuation Professional

Our responsibility as valuation professionals is to come up with an appropriate reasonable valuation for the subject assets and properties based on information, internal data and market data available to us, as well as on actual inspections, where such are required. Our valuation reports are made based on reasonable and adequate data that support our conclusions to establish the market value of the subject assets as of the stated date.

Our valuation procedures have been performed in accordance with the International Valuation Standards (2025 Edition) and Philippine Valuation Standards (2nd Edition, 2018), that represent accepted or best practice in the valuation profession, also known as Generally Accepted Valuation Principles (GAVP). The development of the International Valuation Standards serves as a professional benchmark, or beacon, for valuation professionals globally, thereby enabling them to respond to client requirements for reliable valuations.

Prohibitions

Neither the whole nor any part of this report, any reference thereto may be published, included in or with, attached to any document or used for any purpose other than that specifically stated in this report, without the written consent of Cuervo Appraisers, Inc. in accordance and exclusively for the purpose, form and context in which it may appear.

Representations

Cuervo Appraisers, Inc., through its Manila, Cebu, Davao and Iloilo offices has been in the business of providing asset valuation solutions for companies across all industries for 45 years in the Philippines and overseas. Cuervo Appraisers, Inc. has been involved in numerous valuation projects for various assets and enterprises, both tangible and intangible, and is well qualified to undertake the work required.

The final valuation report shall not be valid without the dry seal of Cuervo Appraisers, Inc. properly affixed thereto.

CUERVO APPRAISERS, INC.
By:

LIBERTY SANTIAGO-AÑO, IPA, MRICS
Vice President and General Manager
Real Estate Appraiser
Valid until: 07/17/2026
PRC Registration Number: 0000167
IPREA Membership No. 849
PTR No. 3040621
06 January 2025
City of Pasig

09 December 2025

MREIT FUND MANAGERS, INC.
19th Floor, Alliance Global Tower
36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City, Metro Manila

Attention : **MR. ROLANDO J. TIONGSON**
President and Chief Executive Officer

Thru : **MR. GIANCARLO INACAY**

Subject : **CAI File No. 06-2025-0658-007AR**
Market Value Appraisal of Property

Gentlemen :

As requested, we appraised a certain real property exhibited to us by the **MREIT FUND MANAGERS, INC.,** for the purpose of expressing an opinion on the ***market value*** of the property intended for corporate use as of ***30 September 2025.***

The appraised property is identified as the ***Southeast Asian Campus (building and its facilities),*** located, **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

The term ***Market Value,*** as used herein, is defined as:

> the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

Market Value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset for any associated taxes.

In the market value appraisal of any fixed land improvement, the land where the said improvement stands should be included to satisfy its definition. Being an appraisal of a building only, this report pertaining to the said item, therefore, partakes in the nature of a fractional appraisal and is rendered as such.

We personally inspected the property, investigated local market conditions and gave consideration to the --

> Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value;
>
> Discounting and capitalization rates;
>
> Extent, character and utility of the property;

Lease/Rent rates for similar property; and

Highest and best use of the property.

Premised on the foregoing and as supported by the accompanying narrative report, it is our opinion that the ***market value*** of the property using income approach appraised as of ***30 September 2025*** is reasonably represented in the amount of ***FOUR BILLION SEVEN HUNDRED FORTY-SEVEN MILLION SIX HUNDRED FOUR THOUSAND (Php4,747,604,000) PESOS.***

We made no investigation of and assume no responsibility for title to or liabilities against the appraised property.

WE CERTIFY that we have neither present nor prospective interest on the appraised property or on the reported value.

Respectfully submitted,

CUERVO APPRAISERS, INC.
By:

ENGR. EMMANUEL P. LEGASPI
Department Manager - Real Estate
PRC Registration Number: 0000087
Valid Until: 12/06/2028
IPREA Membership No. 847
PTR No. 3974190
06 January 2025
City of Dasmariñas

JVP:mfm

CAI File No. 06-2025-0658-007AR

LIMITING CONDITIONS

1. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear under responsible ownership.

2. ***Cuervo Appraisers, Inc.,*** by reason of this appraisal, is not required to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made.

3. Any erasure on appraisal date and/or value invalidates this valuation report.

4. Neither the whole nor any part of this report and valuation, nor any reference thereto, may be included in any document, circular or statement without our written approval.

5. The valuation fee is not contingent upon a predetermined value conclusion or a percentage of the valuation.

6. This appraisal report is invalid unless it bears the service seal of ***Cuervo Appraisers, Inc*.**

   CAI File No. 06-2025-0658-007AR

NARRATIVE REPORT

I. GENERAL

This report covers an appraisal of a certain real property located within Barangay Pinagsama, Taguig City, Metro Manila. The appraisal was made for the purpose of expressing an opinion on the ***market value*** of the property as of ***30 September 2025.***

The term ***Market Value*** is defined as the estimated amount for which an asset or a liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion.

In this definition, it is assumed that any transaction shall be based on cash or its equivalent consideration. The price which the property would fetch if offered for sale on the open market, would undoubtedly be affected, should the sale be on terms, whether favorable or unfavorable.

It is further assumed that the title to the property is good, marketable, and free from liens and encumbrances; and that fee simple ownership is transferable.

The rights appraised in this report are the property rights in fee simple, free and clear. ***Fee Simple*** is defined as the absolute fee without limitation to any particular class of heirs or restrictions but subject to the limitations of eminent domain, escheat, police power and taxation.

II. PROPERTY LOCATION AND IDENTIFICATION

Based on the documents provided to us by the client, the appraised property is the ***Southeast Asian Campus (building and its facilities),*** located **along Campus Avenue, within McKinley Hill, Barangay Pinagsama, Taguig City, Metro Manila.**

Southeast Asian Campus is located on the northeast side of Campus Avenue; approximately 500 meters southeast from the corner of Upper McKinley Hill Road and Park Avenue; 1-kilometer southeast from the corner of Lawton Avenue and Upper McKinley Hill Road; and about 1.20-kilometer southwest from the corner of Carlos P. Garcia Avenue (C-5) and Upper McKinley Hill Road.

Campus Avenue is 30 meters wide, provided with concrete paved with asphalt overlay and provided with concrete curbs and gutters, concrete sidewalks, underground drainage and center island.

III. NEIGHBORHOOD DATA

McKinley Hill is a 50-hectare Italian-themed urban township developed by Megaworld Corporation. This integrated community seamlessly combines residential, office, commercial, retail, sports, recreation, and institutional components, creating a vibrant mini-city environment.

McKinley Hill boasts over 270,000 square meters of office space, accommodating numerous businesses and multinational companies. The township is known for its campus-type office buildings, many accredited as PEZA special economic zones for information technology, resembling those in Silicon Valley.

Strategically located in the junction of Lawton Avenue, McKinley Road, and C-5, McKinley Hill provides easy access to major thoroughfares, making it convenient for residents and professionals commuting to and from the area.

Generally, the roads in the neighborhood are designed to accommodate light to heavy vehicular and pedestrian traffic loads. Major thoroughfares are concreted with widths ranging from 10 to 50 meters and lighted with streetlamps.

Some of the important improvements in the vicinity are:

Venice Grand Canal Mall
Science Hub Towers 1, 2 3, and 4
Enderun Colleges
McKinley Hill Stadium

Venice Grand Canal Mall, SM Aura Premier, Market! Market! and various establishments within Bonifacio Global City serve the commercial, marketing and shopping needs of the residents in the area. These are accessible from Campus and Lawton Avenues by public transportation. Other community centers like the post office, public market, churches/chapels, hospitals/clinics, and private and public schools are likewise accessible from the said thoroughfare.

IV. COMMUNITY FACILITIES AND UTILITIES

Electric power, water supply, and telecommunication facilities are available in the subject building.

Public transportation connecting to various sections of Taguig City and its neighboring towns/cities is available along Campus Avenue where the subject building fronts. Streetlights, garbage collection, foot and mobile patrols of the Philippine National Police, and other community facilities and utilities are maintained by the local government.

V. LAND DATA

No copy of the title or any land ownership document was given to us.

No title verification was conducted to confirm the existence of the owner's original copy of the title supposedly on file with the Registry of Deeds since it is not included in the assignment.

VI. DESCRIPTION OF THE BUILDING

The land is improved with a building described on the next page:

Southeast Asian Campus

This is a twelve (12)-storey reinforced concrete-framed building with a roof deck, having a concrete slab and waterproof membrane finished concrete slab roof deck; acoustic board with T-runner, fiber cement board and concrete slab with powder coated aluminum tubular design ceilings; cement plastered concrete hollow block and tempered glass walls; cement plastered concrete hollow block, tempered glass and double-wall plywood partitions; metal louver; glass on steel frame and tempered glass on powdered coated aluminum frame windows; viewing glass on wood panel, metal sheet, metal louver on steel frame, glass on powder coated aluminum frame and sliding glass panel doors; and carpet tiles, ceramic tiles, marble tiles and plain cement with epoxy concrete slab floors.

The building features a three (3) podium level car park, cafeteria, training rooms, production area, gym, clinic, auditorium and two hundred thirty six (236) parking slots.

This is painted and provided with fire-fighting equipment, lighting, plumbing, and telecommunication facilities. Also equipped with a stand-by genset, twelve (12) passenger and one (1) service elevators, and CCTV camera security system, having gross floor area and gross leasable area of 58,840.00-square meter and 50,093.91-square meter, allocated below:

Floor Level	Gross Floor Area (sq.m.)	Gross Leasable Area (sq.m.)	Occupancy
Ground	6,608.00	1,816.39	**WELLS FARGO INTERNATIONAL SOLUTIONS**
Second	-	-	
Third	-	-	
Fourth	-	-	
Fifth	6,529.00	6,034.69	
Sixth	6,529.00	6,034.69	
Seventh	6,529.00	6,034.69	
Eight	6,529.00	6,034.69	
Ninth	6,529.00	6,034.69	
Tenth	6,529.00	6,034.69	
Eleventh	6,529.00	6,034.69	
Twelfth	6,529.00	6,034.69	
Total -	**58,840.00**	**50,093.91**	

Estimated remaining economic life is 43 years.

VII. HIGHEST AND BEST USE

Based upon an analysis of the property itself and the prevailing land usage in the neighborhood, we are of the opinion that the **existing office/commercial utility** would represent the highest and best use of the property.

Highest and Best Use is the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

VIII. VALUATION

The Income Approach is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value. The different techniques that can be utilized to accomplish this include direct capitalization, mortgage-equity capitalization and discounted cash flow analysis. All three methods are based on an analysis of a property's operating income. The first step in the Income Approach is estimating the Potential Gross Income (PGI) of the property. The PGI includes income from all possible sources, at 100% occupancy and before any deductions for expenses. These projections are generally calculated on an annual basis and are based on the analysis of data from the subject and comparable rental properties. With a potential gross income figure, a suggested value can be applied against the subject. After projecting the Potential Gross Income, an allowance is made for vacancy and credit loss, resulting in the Effective Gross Income (EGI). The EGI estimates the anticipated annual gross receipts from the property. The property may experience vacancies (even in a strong rental market) due to the time lag between successive tenants (e.g., remodeling). Collection losses can result from a tenant's inability or refusal to pay rent. After projecting the Effective Gross Income, the appraiser deducts the estimated operating expenses for the property. These operating expenses include all the costs required to maintain the earning potential of the property.

The operating expenses are generally classified into two categories: fixed expenses and variable expenses. Variable expenses are directly related to the occupancy, and therefore to the Effective Gross Income, of the property. Examples include Gross Receipt Taxes and management fees paid on a percentage of gross bases.

Fixed expenses are those which remain constant for the property regardless of occupancy. Examples include real property taxes and hazard insurance. The total operating expenses are deducted from the Effective Gross Income resulting in the Net Operating Income (NOI). The NOI is the annual estimated income generated by the property, before interest expense, depreciation and taxes. The Net Operating Income can be analyzed in three ways, as introduced above: direct capitalization, mortgage-equity analysis and discounted cash flow. For purposes of this report, we have adopted the Discounted Cash Flow Analysis, details of which are shown on the succeeding pages of this report.

Discounted Cash Flow Analysis

This form of analysis allows an investor or owner to make an assessment of the long-term return that is likely to be derived from a property with a combination of rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including base rental, rental growth, statutory and operating expenses, and sale price and disposal of the property at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the property is sold at the start of the eleventh year of the cash flow. The cash flow analyses, which comprise annual income streams, are based upon the following assumptions/estimates:

1. Cash Flow is projected over a 10-year period;
2. Gross Leasable Area is 50,093.91 square meters;
3. Effective gross revenues, operating expenses, and capitalization expenses were based on the 10-year cash flow given to us by the client, taking into consideration the historical data and the existing lease contracts of the tenants;
4. Estimation of the present worth of the projected net income. Given that annual earnings and benefits are brought back to present worth, the formula for the Net Present Value may now be expressed as:

   $$NPV = [¡FVt / (1 + i)t] - I0$$

   The last equation states that the Net Present Value, PV, is just the sum of the present worth of the expected economic benefits to be received;

5. Discount rate is estimated at 10.17%, using a built-up method, the computation is shown below:

Derivation of Discount Rate using Built-up Method

91-day treasury bill rate			=	5.526%	auction date: 30 June 2025
Below one year time deposit			=	4.018%	Peso Deposit June 12-18, 2025 BSP
Average			=	4.772%	
Less: 20% withholding tax			=	0.954%	
			=	3.818%	
Plus: Recapture rate of the building	=	1/REL of the Bldg.			
	=	1/29 yrs x 100	=	3.45%	
		Cap Rate	=	**7.268%**	
Plus: Inflation Rate			=	2.90%	inflation rate for December 2024 (PSA)
		Discount Rate	=	**10.168%**	
		Say	=	**10.17%**	

Note: *REL – Remaining Economic Life*
The average of MREIT buildings is 29-year.

6. Growth rate is estimate at 2% based on the average escalation rate;
7. Capitalization rate adopted to arrive at the terminal value is 8.17% (discount rate less growth rate);
8. Marketing Cost is pegged at 0% of resale value, MREIT has no intention of selling this property at the end of 10th year.

Discounted Cash Flow Analysis (in PhP)
SOUTHEAST ASIAN CAMPUS

STATISTICS														
Land Area			sq.m.											
Gross Floor Area		58,840.00	sq.m.											
Gross Leasable Area		50,093.91	sq.m.											
Vacancy Rate (incl. bad debts)			(ave.)											
Terminal Capitalization Rate		8.17%												
Discount Rate		10.17%												
Present Worth Factor				0.9527	0.8647	0.7849	0.7124	0.6467	0.5870	0.5328	0.4836	0.4390	0.3984	0.3616
				202	202	202	202	202	203	203	203	203	203	203
			Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**Totals**	**11**
GROSS REVENUES			Escalation		0%	1%	0%	1%	3	5	4	5	4		5
Rental Income															
Rental Income - PAS Adjustment															
Rental Income - deferred credits amortization															
Rental Income - penalties															
Income from dues - net															
Total Annual Gross Rental															
Total Annual Revenues				-	-	-	-	-	-	-	-	-	-	-	-
LESS:															
Vacancy Rate (incl. bad debts)		of gross revenues		547,559,00	547,570,71	550,573,85	550,583,68	553,698,91	571,022,19	598,196,05	623,354,33	653,096,60	680,833,60		713,399,94
Effective Gross Revenues				**547,559,003**	**547,570,716**	**550,573,857**	**550,583,681**	**553,698,912**	**571,022,19**	**598,196,057**	**623,354,33**	**653,096,60**	**680,833,60**	**5,876,488,97**	**713,399,94**
LESS EXPENSES:															
Cost of Services															
Outside Services															
Management Fees - FM															
Management Fees - PM															
Land Lease															
Utilities															
Taxes, Licences and Fees - RPT															
Taxes, Licences and Fees - Others															
Repairs and Maintenance															
Supplies and Materials															
Miscellanaous															
Total of Cost of Services				93,147,121	98,921,439	101,372,378	101,373,410	103,945,149	105,764,09	110,976,55	113,618,17	119,220,67	122,133,06		128,158,57
Other Operating Expenses				27,377,950	27,378,536	27,528,693	27,529,184	27,684,946	28,551,11	29,909,80	31,167,71	32,654,83	34,041,68		35,669,99
Capex Reserve				42,273,075	41,696,756	41,715,445	41,716,275	41,732,456	43,196,27	45,232,82	47,358,69	49,599,05	51,942,83		54,407,93
Total				162,798,146	167,996,731	170,616,516	170,618,869	173,362,551	177,511,47	186,119,176	192,144,58	201,474,56	208,117,57		218,236,50
Total				**162,798,146**	**167,996,731**	**170,616,516**	**170,618,869**	**173,362,551**	**177,511,47**	**186,119,176**	**192,144,58**	**201,474,56**	**208,117,57**	**1,810,760,19**	**218,236,50**
NET OPERATING INCOME				**384,760,857**	**379,573,986**	**379,957,341**	**379,964,812**	**380,336,362**	**393,510,72**	**412,076,880**	**431,209,75**	**451,622,03**	**472,716,03**	**4,065,728,78**	**495,163,44**
ADD: Reversion Value (Resale Value)															6,060,752,019.0
LESS: Marketing Cost	0.0%	of Resale Value													-
Net Reversion Value															**6,060,752,01**
Present Worth Factor	10.17%	discount rate		0.95273	0.86478	0.78495	0.71249	0.64672	0.58702	0.53283	0.48364	0.43900	0.3984		0.3616
Present Worth of Net Income				**366,571,932**	**328,247,491**	**298,247,262**	**270,720,820**	**245,970,359**	**230,997,96**	**219,566,701**	**208,551,56**	**198,260,70**	**188,364,26**	**2,555,499,06**	
Present Worth of Net Reversion Value															**2,192,104,96**

Total Present Value of Net Income	**2,555,499,066**
Present Worth of Net Reversion Value	**2,192,104,965**
Total	**4,747,604,031**

Market Value of Property (Building and its facilities)		**PhP**	**4,747,604,031**
	Rounded to	**PhP**	**4,747,604,000**

On the basis of the foregoing, the market value of the property (building and its facilities) using the Discounted Cash Flow Analysis, is represented in the amount of **Php4,747,604,000.**

Cuervo Appraisers, Inc.
ASSET VALUATION SOLUTIONS

Annex "C"

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)***

x x x x x x x x x

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 04 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, 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. 47
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

SUBSCRIBED AND SWORN to before me this JUL 04 2024 at QUEZON CITY, Philippines, affiant exhibiting to me her

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

Notary Public

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 549 (2023-2024)
IBP O.R. No. 190815 & 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	
Francisco C. Canuto	

Doc. No. 223
Page No. 61
Book No. XVI
Series of 2024.

ATTY. ROGELIO J. BOLIVAR
Notary Public
NOTARY PUBLIC IN QUEZON CITY
Commission No./Appt. Matter No. NP 540 (2023-2024)
IBP O.R. No. [illegible] / IBP O.R. No. 180816 2024
PTR O.R. No. 4127771 D[illegible] Roll No. 53832 / TIN # 102-871-009-000
MCLE No. 7 & 8 [illegible] 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,

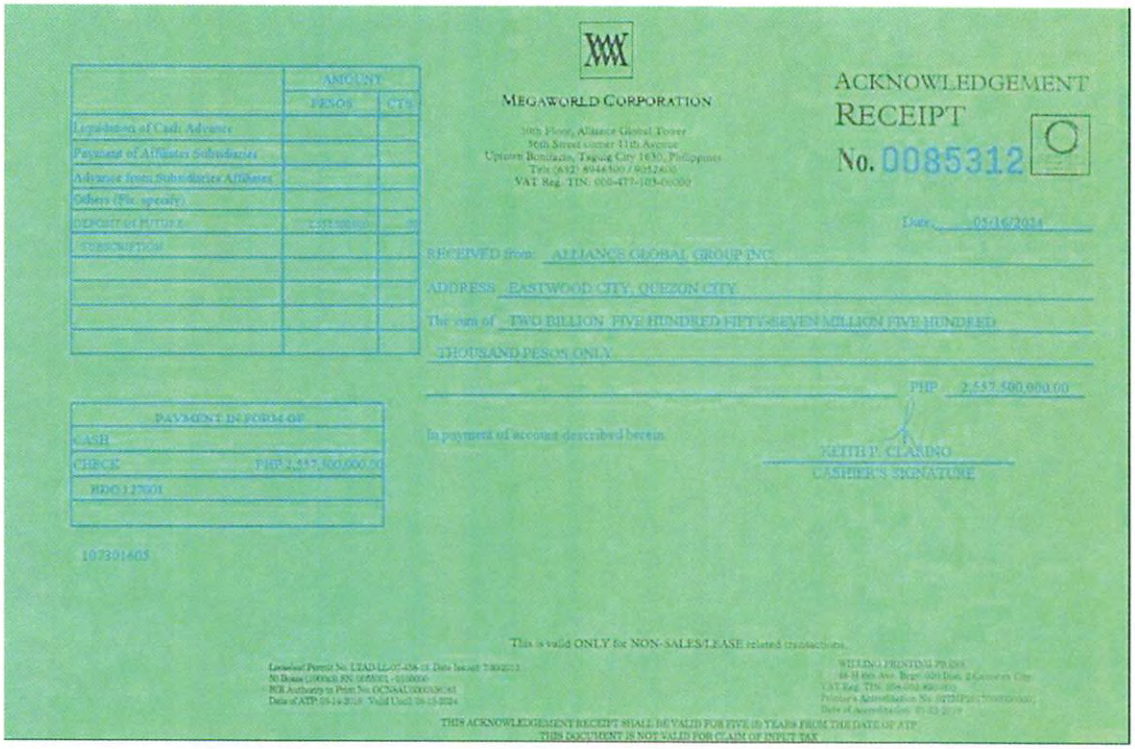
PUNONGBAYAN & ARAULLO

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



MEGAWORLD CORPORATION

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 2,557,500,000.00

In payment of account described herein

KEITH P. CLARINO
CASHIER'S SIGNATURE

	AMOUNT	
	PESOS	CTS
Liquidation of Cash Advance		
Payment of Affiliates Subsidiaries		
Advance from Subsidiaries Affiliates		
Others (Pls. specify)		
DEPOSIT OF FUTURE SUBSCRIPTION	2,557,500,000	00

PAYMENT IN FORM OF	
CASH	
CHECK	PHP 2,557,500,000.00
RDO 127001	

107301605

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

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 "D"

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/imessagemo@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.
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
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 OWNER SHIP*		
1. ALLIANCE GLOBAL GROUP, INC. Filipino 7th Floor, 1880, Eastwood Avenue Eastwood City CyberPark, 188 E. Rodriguez, Jr. Ave. Bagumbayan, Quezon City	Common	17,552,276,059	17,552,276,059.00	45.52%	17,552,276,059.00	003-831-302
	Preferred	6,000,000,000	60,000,000	15.56%	60,000,000.00	
	TOTAL	23,552,276,059	17,612,276,059.00	61.08%	17,612,276,059.00	
2. PCD NOMINEE CORPORATION* Filipino 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	Common	5,763,942,156	5,763,942,156.00	14.95%	5,763,942,156.00	004-710-690-000
	TOTAL	5,763,942,156	5,763,942,156.00			
3. NEW TOWN LAND PARTNERS, INC. Filipino 26th Floor, Alliance Global Tower. 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City	Common	5,668,530,324	5,668,530,324.00	14.70%	5,668,530,324.00	005-620-164
	TOTAL	5,668,530,324	5,668,530,324.00			
4. PCD NOMINEE CORPORATION Non-Filipino 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	Common	2,559,343,667	2,559,343,667.00	6.64%	2,559,343,667.00	004-710-690-000
	TOTAL	2,559,343,667	2,559,343,667.00			
5. FIRST CENTRO, INC. Filipino 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City	Common	873,012,500	873,012,500.00	2.26%	873,012,500.00	003-978-174
	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, JR. 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	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 **
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]

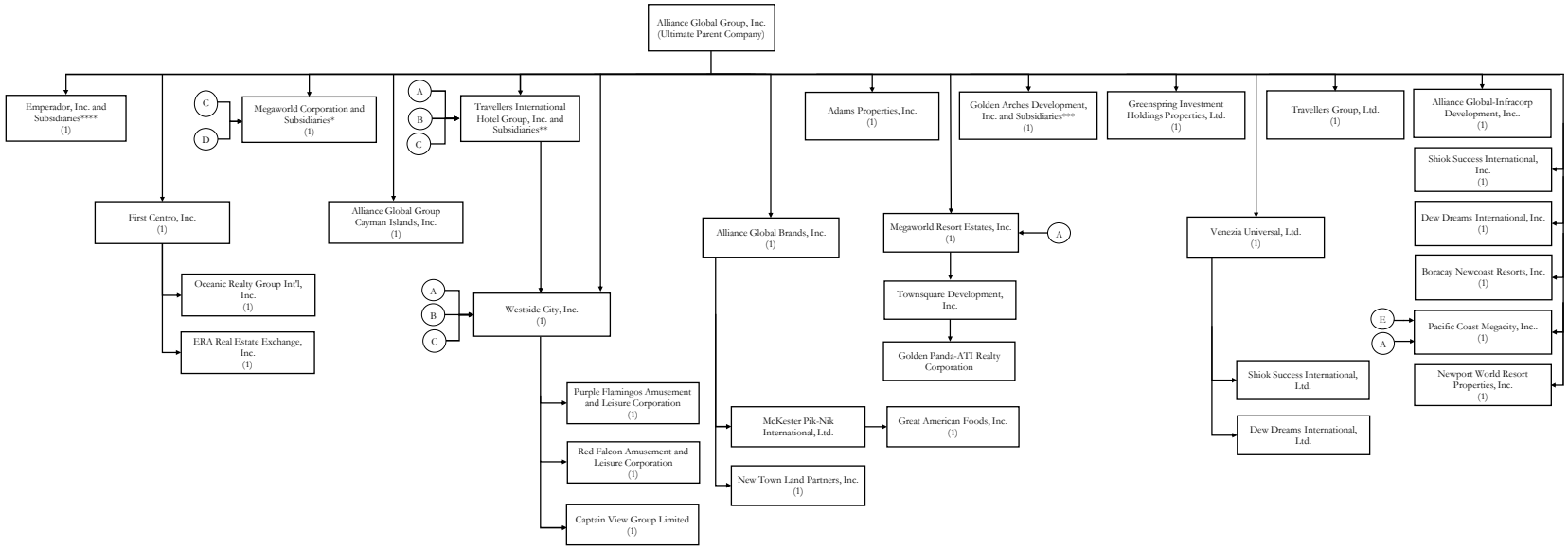
Doc. No. 256 ;
Page No. 53 ;
Book No. 98 ;
Series of 2025 .

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 10471128 / 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 "E"

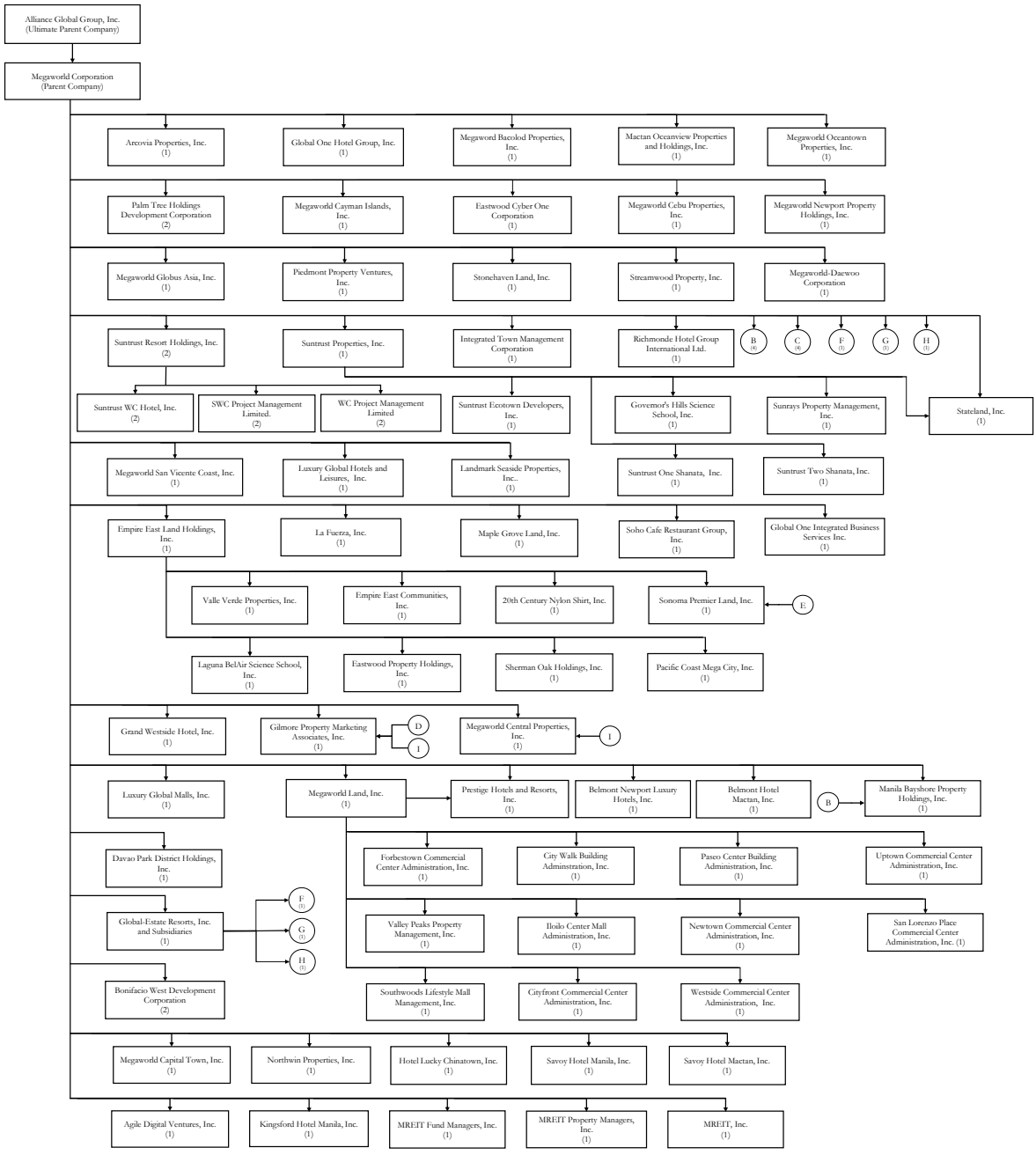
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2024



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, 2024



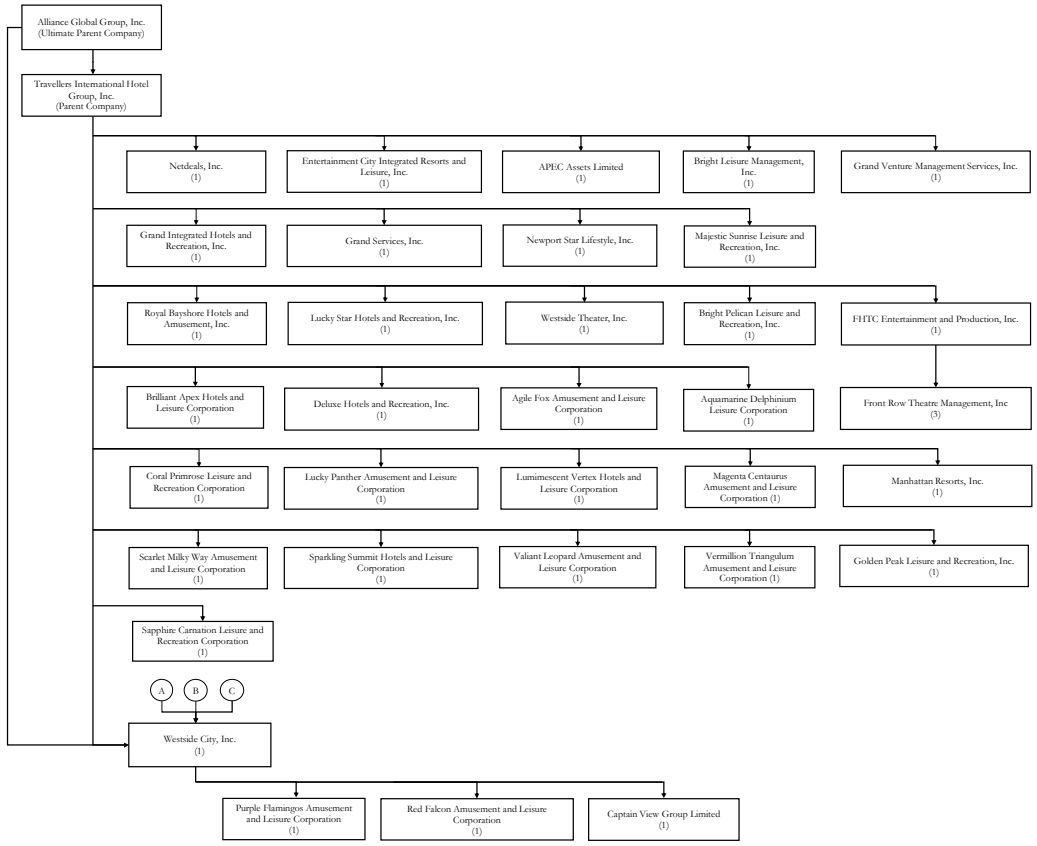
Legend

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	G	Megaworld Global Estates, 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, 2024



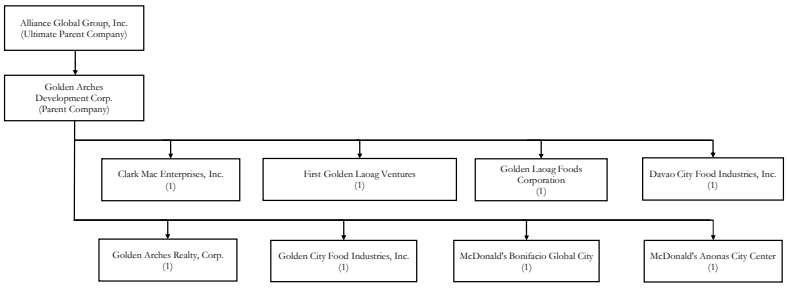
Legend

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 Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2024



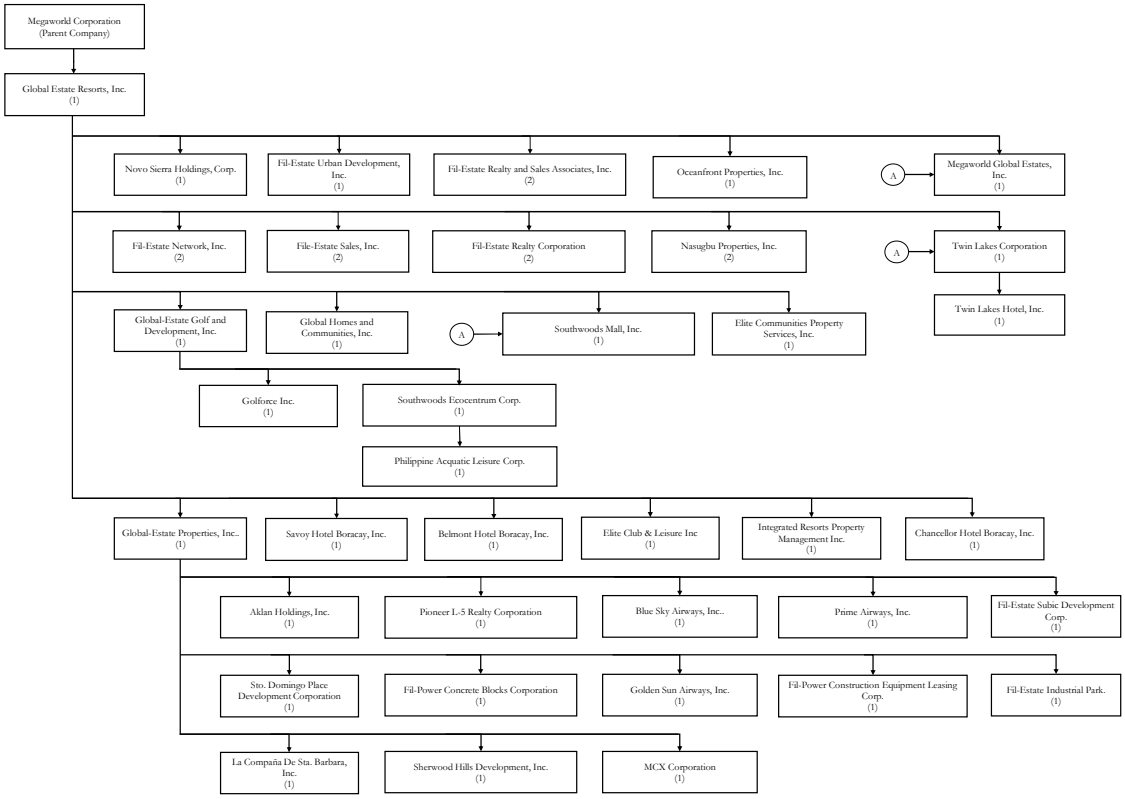
Legend

Relationship with Golden Arches Development Corporation

(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, 2024

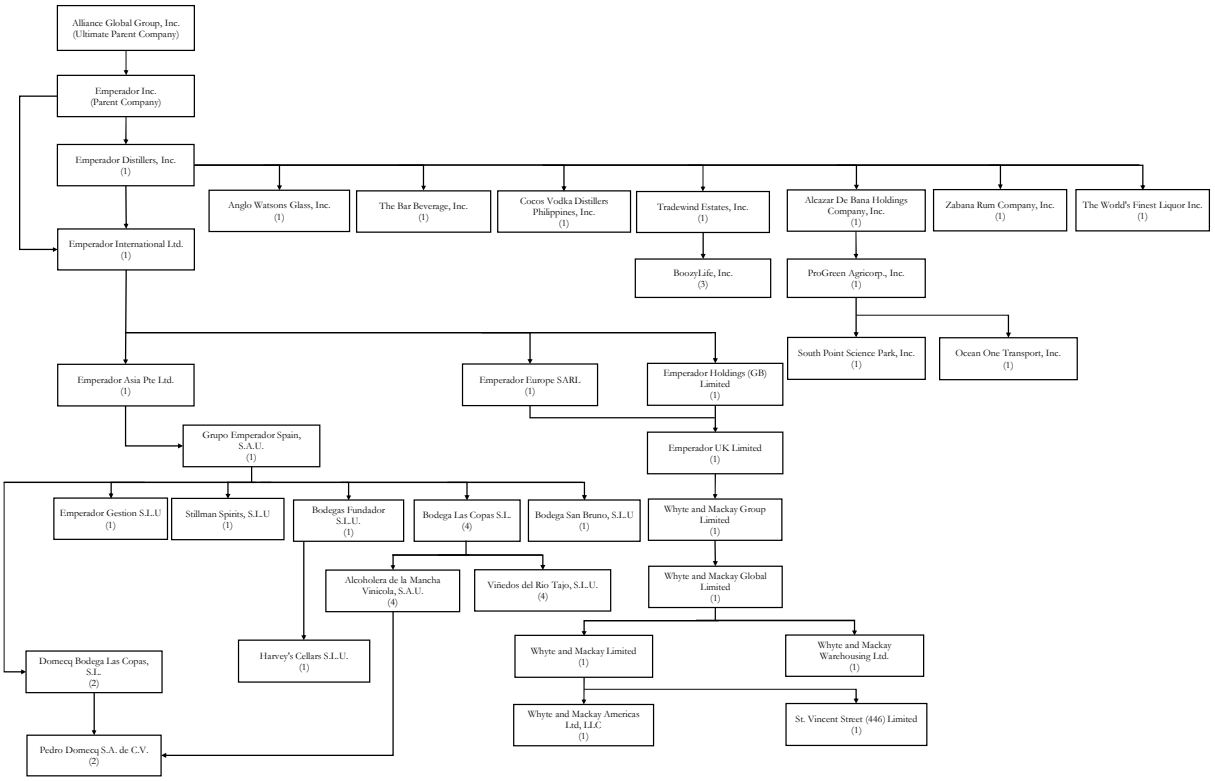


Legend

(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, 2024



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

Annex "F"

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2022, 2021 and 2020

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

P&A Grant Thornton

35 YEARS
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

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, 2022 and 2021, 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, 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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 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 P36.8 billion or 61.5% of consolidated Revenues and Income and P18.6 billion or 38.4% of consolidated Cost and Expenses, respectively, for the year ended December 31, 2022. 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, 2022, 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, 2022 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.

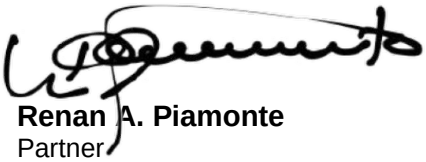
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 9566641, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

February 27, 2023

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

	Notes	2022	2021
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 27,754,568,446**	P 43,794,605,919
Trade and other receivables - net	6	**35,906,287,222**	34,482,656,507
Contract assets	20	**13,613,227,726**	11,970,852,843
Inventories	7	**123,451,306,761**	115,741,508,821
Advances to contractors and suppliers	2	**13,224,995,447**	12,233,167,915
Prepayments and other current assets	8	**10,365,034,100**	9,611,978,356
Total Current Assets		**224,315,419,702**	227,834,770,361
NON-CURRENT ASSETS			
Trade and other receivables - net	6	**21,035,571,171**	12,489,998,575
Contract assets	20	**6,006,696,047**	7,951,394,519
Advances to contractors and suppliers	2	**2,112,862,719**	2,783,551,177
Advances to landowners and joint operators	10	**7,896,413,808**	7,158,576,223
Financial assets at fair value through other comprehensive income	9	**5,253,799,848**	5,760,368,447
Investments in associates - net	11	**3,138,183,202**	3,287,474,516
Investment properties - net	12	**128,101,844,538**	119,222,248,947
Property and equipment - net	13	**7,196,910,584**	6,530,887,796
Deferred tax assets - net	26	**394,145,565**	377,447,575
Other non-current assets - net	14	**3,759,690,116**	4,580,532,972
Total Non-current Assets		**184,896,117,598**	170,142,480,747
TOTAL ASSETS		**P 409,211,537,300**	P 397,977,251,108

	Notes	2022	2021
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**P 12,691,010,973**	P 12,685,534,491
Bonds payable	16	**14,026,453,110**	-
Trade and other payables	17	**24,158,766,211**	22,875,967,140
Contract liabilities	20	**3,392,947,567**	2,447,089,883
Customers' deposits	2	**9,421,120,175**	10,872,699,457
Advances from other related parties	27	**2,126,611,006**	3,243,336,539
Income tax payable		**61,272,502**	55,404,855
Redeemable preferred shares	18	**-**	251,597,580
Other current liabilities	19	**9,375,781,591**	9,476,396,474
Total Current Liabilities		**75,253,963,135**	61,908,026,419
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**36,967,485,247**	38,964,170,107
Bonds and notes payable	16	**31,212,622,400**	41,982,042,246
Contract liabilities	20	**4,853,473,963**	4,956,605,925
Customers' deposits	2	**1,259,789,445**	1,281,160,572
Deferred tax liabilities - net	26	**12,264,107,694**	11,541,788,887
Retirement benefit obligation	25	**349,574,867**	546,802,701
Other non-current liabilities	19	**6,029,997,597**	7,092,663,304
Total Non-current Liabilities		**92,937,051,213**	106,365,233,742
Total Liabilities		**168,191,014,348**	168,273,260,161
EQUITY	28		
Total equity attributable to the Company's shareholders		**209,226,173,725**	198,838,867,474
Non-controlling interests		**31,794,349,227**	30,865,123,473
Total Equity		**241,020,522,952**	229,703,990,947
TOTAL LIABILITIES AND EQUITY		**P 409,211,537,300**	P 397,977,251,108

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, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	**2022**	2021	2020
REVENUES AND INCOME				
Real estate sales	20	**P 36,849,992,605**	P 31,129,417,724	P 24,858,537,303
Rental income	12	**15,653,727,970**	13,319,580,244	12,932,770,278
Hotel operations	20	**2,603,709,878**	1,928,863,081	1,482,160,976
Interest and other income - net	23	**4,419,826,198**	4,376,429,682	4,267,409,295
		59,527,256,651	50,754,290,731	43,540,877,852
COSTS AND EXPENSES				
Cost of real estate sales	21	**18,554,755,392**	16,874,283,279	13,790,525,832
Cost of hotel operations	21	**1,462,451,435**	1,086,978,559	963,104,532
Operating expenses	22	**14,584,659,156**	12,864,632,841	11,850,258,972
Equity share in net losses of associates	11	**155,429,591**	176,548,383	69,879,672
Interest and other charges - net	24	**5,628,116,792**	4,808,537,325	2,930,637,292
Tax expense	26	**3,767,557,891**	564,917,329	3,347,906,258
		44,152,970,257	36,375,897,716	32,952,312,558
NET PROFIT FOR THE YEAR		**P 15,374,286,394**	P 14,378,393,015	P 10,588,565,294
Net profit attributable to:				
Company's shareholders		**P 13,455,475,825**	P 13,434,466,763	P 9,885,989,490
Non-controlling interests		**1,918,810,569**	943,926,252	702,575,804
		P 15,374,286,394	P 14,378,393,015	P 10,588,565,294
Earnings Per Share:	29			
Basic		**P 0.431**	P 0.422	P 0.295
Diluted		**P 0.430**	P 0.421	P 0.294

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, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
NET PROFIT FOR THE YEAR		**P 15,374,286,394**	P 14,378,393,015	P 10,588,565,294
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	**(579,783,082)**	1,347,392,142	(323,225,082)
Actuarial gains on retirement benefit obligation	25	**219,636,360**	325,125,100	354,133,354
Share in other comprehensive income of associates	11	**-**	-	1,474,538
Tax expense	25, 26	**(55,553,033)**	(62,880,238)	(106,240,006)
		(415,699,755)	1,609,637,004	(73,857,196)
Items that will be reclassified subsequently to consolidated profit or loss:				
Exchange difference on translating foreign operations	2	**106,276,210**	47,027,439	(14,884,569)
Unrealized gains (losses) on cash flow hedge	30	**91,147,189**	199,713,502	(144,749,961)
Share in other comprehensive income of associates	11	**6,138,277**	20,926,197	-
Tax income (expense)	26	**(34,902,030)**	(11,756,858)	4,465,371
		168,659,647	255,910,280	(155,169,159)
Total Other Comprehensive Income (Loss)		**(247,040,108)**	1,865,547,284	(229,026,355)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 15,127,246,286**	P 16,243,940,299	P 10,359,538,939
Total comprehensive income attributable to:				
Company's shareholders		**P 13,196,367,962**	P 15,276,423,950	P 9,684,718,799
Non-controlling interests		**1,930,878,324**	967,516,349	674,820,140
		P 15,127,246,286	P 16,243,940,299	P 10,359,538,939

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, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Attributable to the Company's Shareholders							Non-controlling Interests (See Note 2)	Total Equity
	Capital Stock (See Note 28)	Additional Paid-in Capital (APIC) (See Note 28)	Treasury Shares - At Cost (See Note 28)	Revaluation Reserves (See Notes 9, 11 and 25)	Perpetual Securities (See Note 28)	Retained Earnings (See Note 28)	Total		
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 229,703,990,946
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
Balance at January 1, 2020	P 32,430,865,872	P 16,658,941,725	(P 633,270,575)	(P 3,501,239,939)	P 10,237,898,577	P 123,270,889,661	P 178,464,085,321	P 26,401,437,184	P 204,865,522,505
Cash dividends	-	-	-	-	-	(1,177,796,572)	(1,177,796,572)	(10,008,387)	(1,187,804,959)
Acquisition of treasury shares	-	-	(994,672,630)	-	-	-	(994,672,630)	-	(994,672,630)
Distribution to holders of perpetual securities	-	-	-	-	-	(535,258,625)	(535,258,625)	-	(535,258,625)
Share-based employee compensation	-	-	-	-	-	21,381,914	21,381,914	-	21,381,914
Exercise of stock options	-	1,902,622	902,111	-	-	(1,031,680)	1,773,053	-	1,773,053
Total comprehensive income (loss) for the year	-	-	-	(201,270,691)	-	9,885,989,490	9,684,718,799	674,820,140	10,359,538,939
Balance at December 31, 2020	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

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, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 19,141,844,285**	P 14,943,310,344	P 13,936,471,552
Adjustments for:				
Depreciation and amortization	12, 13, 14	**3,279,686,211**	3,467,925,032	3,104,661,233
Unrealized foreign currency losses (gains) - net		**2,366,023,638**	1,625,333,145	(1,086,060,295)
Interest expense	24	**2,258,100,909**	1,941,630,481	1,641,304,190
Interest income	23	**(2,143,200,870)**	(1,566,929,419)	(1,445,447,319)
Equity share in net losses of associates	11	**155,429,591**	176,548,383	69,879,672
Dividend income	23, 27	**(21,420,750)**	(24,456,757)	(8,193,611)
Employee share options	25	**16,372,411**	10,204,332	21,381,914
Loss (gain) on sale of investment property	12	**832,805**	(136,206,674)	-
Gain on sale of property and equipment	13	**(66,002)**	(1,225,627)	(592,954)
Loss on derecognition of property and equipment	13	**-**	43,603,084	-
Operating profit before working capital changes		**25,053,602,228**	20,479,736,324	16,233,404,382
Decrease (increase) in trade and other receivables		**(6,012,370,613)**	(1,835,285,029)	3,064,093,048
Decrease (increase) in contract assets		**302,323,589**	(541,521,049)	(737,721,626)
Increase in inventories		**(6,982,569,520)**	(8,951,566,293)	(2,510,261,657)
Decrease (increase) in advances to contractors and suppliers		**(321,139,074)**	514,205,832	(217,097,481)
Decrease (increase) in prepayments and other current assets		**(742,381,075)**	(1,740,765,114)	699,913,970
Decrease (increase) in advances to landowners and joint operators		**(737,837,585)**	354,803,949	(454,495,711)
Decrease (increase) in other non-current assets		**846,939,366**	(146,217,428)	(887,291,362)
Increase in trade and other payables		**1,239,593,735**	606,265,488	2,510,777,198
Increase in contract liabilities		**842,725,722**	1,560,066,505	630,074,260
Increase (decrease) in customers' deposits		**(1,472,950,409)**	(2,534,471,445)	888,463,236
Increase (decrease) in other liabilities		**(1,644,520,203)**	(1,327,724,229)	2,766,117,805
Cash generated from operations		**10,371,416,161**	6,437,527,511	21,985,976,062
Cash paid for income taxes		**(2,636,045,057)**	(813,914,179)	(2,886,445,031)
Net Cash From Operating Activities		**7,735,371,104**	5,623,613,332	19,099,531,031
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	12	**(12,115,399,233)**	(7,055,426,460)	(6,731,614,968)
Property and equipment	13	**(733,081,802)**	(519,098,962)	(430,709,071)
Interest received		**2,198,139,764**	2,052,061,538	1,039,449,706
Advances to associates and other related parties:	27			
Granted		**(1,827,132,491)**	(413,989,152)	(260,769,847)
Collected		**-**	89,575,462	35,608,643
Proceeds from sale of property and equipment	13	**29,374,859**	4,739,942	6,385,095
Dividends received		**21,420,750**	24,456,757	8,193,611
Additions to financial assets at fair value through other comprehensive income	9	**-**	(238,089,875)	-
Acquisition and subscription of shares of stock of subsidiaries and associates		**-**	(1,001,843,366)	-
Proceeds from sale of investment property	12	**-**	136,607,144	-
Net Cash Used in Investing Activities		**(12,426,678,153)**	(6,921,006,972)	(6,333,456,831)
Balance carried forward		**(P 4,691,307,049)**	(P 1,297,393,640)	P 12,766,074,200

	Notes	2022	2021	2020
Balance brought forward		**(P 4,691,307,049)**	(P 1,297,393,640)	P 12,766,074,200
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of long and short-term liabilities	36	**(12,451,825,598)**	(20,982,065,248)	(13,107,450,229)
Proceeds from availments of long and short-term liabilities	15, 36	**10,522,520,857**	26,643,083,897	7,800,000,000
Interest paid		**(4,200,536,048)**	(3,977,876,007)	(3,843,166,540)
Advances from other related parties:	27, 36			
Paid		**(2,433,986,742)**	(48,783,694)	(255,089,920)
Obtained		**1,317,261,209**	608,170,119	24,157,233
Cash dividends paid	28	**(1,911,107,946)**	(2,515,617,409)	-
Cash dividends declared and paid to non-controlling interest		**(1,001,652,570)**	(263,692,340)	(10,008,387)
Acquisition of treasury shares	28	**(916,099,229)**	(156,987,360)	(994,672,630)
Redemption of preferred shares	18	**(251,597,580)**	(251,597,580)	(251,597,580)
Repayments of lease liabilities	19, 36	**(23,479,830)**	-	(24,915,531)
Proceeds from exercise of stock rights	28	**1,773,053**	-	1,773,053
Proceeds from secondary offering of subsidiary's shares	28	**-**	14,717,312,432	-
Payments for redemption of perpetual capital securities		**-**	(8,552,741,141)	(1,200,900,000)
Distribution to holders of perpetual securities	28	**-**	(151,963,438)	(535,258,625)
Payments for return of capital to non-controlling interest		**-**	(141,998,580)	-
Issuance of bonds and notes payable	16, 36	**-**	-	16,692,935,192
Net Cash From (Used in) Financing Activities		**(11,348,730,424)**	4,925,243,651	4,295,806,036
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(16,040,037,473)**	3,627,850,011	17,061,880,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**43,794,605,919**	40,166,755,908	23,104,875,672
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 27,754,568,446**	P 43,794,605,919	P 40,166,755,908

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 amounting to P3.6 million, and lease liabilties amounting to P3.6 million, respectively (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, 2022, 2021 AND 2020
(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	**2022**	2021	2020
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%
Oceantown Properties, Inc. (OPI)	**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 2022	2021	2020
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%
San Vicente Coast, Inc. (SVCI)		**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)	(h)	**100**%	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100**%	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100**%	100%	-
MREIT Property Managers, Inc. (MPMI)	(f)	**100**%	100%	-
MREIT, Inc. (MREIT)	(f)	**62.09%**	62.09%	-
Belmont Hotel Mactan Inc. (BHMI)	(a, m)	**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)	(j)	**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, m)	**100%**	-	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership 2022	2021	2020
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)	(i)	**98.41%**	98.31%	96.87%
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%
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%
Fil-Estate Properties, Inc. (FEPI)		**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%
Fil-Estate Golf and Development, Inc. (FEGDI)		**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. (CNSI)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir School, Inc. (LBASI)		**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(k)	**58.53%**	58.53%	32.69%
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 2022	2021	2020
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)	(g)	**34%**	34%	34%
SWC Project Management Limited (SPML)		**34%**	34%	34%
WC Project Management Limited (WPML)		**34%**	34%	34%
Suncity WC Hotel Inc. (Suncity WC)		**34%**	34%	-
First Oceanic Property Management, Inc. (FOPMI)	(l)	**-**	-	8.16%
Citylink Coach Services, Inc. (CCSI)	(l)	**-**	-	8.16%
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, 2022.

(b) As at December 31, 2022, 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, 2022, 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, 2022, 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.

(g) In 2021, SUN disposed its investments in FOPMI and CCSI.

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

(i) In 2021, the Parent Company acquired additional common shares of STLI from previous stockholders representing 1.44% direct ownership. As at December 31, 2022, the effective ownership of Parent Company over STLI is 98.41%, consisting of 18.84% direct ownership and 79.47% indirect ownership through SPI.

(j) 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%.

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

(l) In 2021, SHDI disposed its investments in FOPMI and SHDI.

(m) Newly incorporated subsidiaries in 2022.

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, 2022, 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	Accumulated Equity of NCI			Subsidiary's Consolidated Profit (Loss) Allocated to NCI		
	2022	2021	2020	**2022**	2021	2020
GERI	**P 6,465,556**	P 5,924,064	P 5,659,306	**P 504,135**	P 273,591	P 216,179
EELHI	**11,079,586**	10,947,572	11,721,428	**132,014**	131,173	102,361
MCTI	**1,540,324**	1,478,957	1,436,742	**61,367**	42,215	38,765
MREIT	**4,106,038**	4,193,831	-	**847,186**	218,295	-
MBPHI	**3,738,342**	3,380,091	3,245,697	**358,251**	134,394	283,219
LFI	**1,315,389**	1,331,477	1,261,066	**50,573**	103,742	46,099
NWPI	**2,304,894**	2,304,126	2,305,165	**768**	(1,040)	(505)

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

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2022					
GERI	P 38,887,889,575	P 18,640,892,072	P 9,248,792,774	P 10,115,411,364	P 38,164,576,509
EELHI	41,968,274,885	5,286,438,058	13,498,100,728	3,019,479,946	30,737,132,269
MCTI	6,438,103,924	621,264,555	492,410,748	73,179,426	6,493,778,305
MREIT	1,912,786,392	55,265,630,024	754,220,972	8,133,703,383	48,290,492,059
MBPHI	14,720,986,562	3,083,087,364	6,678,205,933	1,312,522,540	9,813,345,453
LFI	541,671,947	892,738,490	255,335,825	168,161,734	1,010,912,878
NWPI	2,909,654,333	869,970,790	372,546,245	-	3,407,078,878
December 31, 2021					
GERI	P 38,139,719,431	P 15,820,703,376	P 9,221,560,921	P 8,611,153,304	P 36,127,708,582
EELHI	40,955,740,994	5,428,674,577	13,225,879,295	3,166,385,834	29,992,150,442
MCTI	5,205,827,670	454,925,454	415,870,367	60,923,341	5,183,959,416
MREIT	1,549,745,634	57,299,106,443	509,654,981	8,084,070,157	50,255,126,939
MBPHI	14,987,068,437	3,005,053,314	7,454,946,818	1,823,770,796	8,713,404,137
LFI	744,011,168	943,227,515	391,720,546	235,982,910	1,059,535,227
NWPI	958,312,019	884,391,370	7,648,473	-	1,835,054,916

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)
2022			
GERI	**P 7,290,310,594**	**P 1,983,928,641**	**P 38,918,313**
EELHI	**4,708,080,236**	**706,157,443**	**38,839,596**
MCTI	**772,855,785**	**258,714,115**	**-**
MREIT	**3,645,501,549**	**501,904,556**	**-**
MBPHI	**64,681,698**	**1,099,941,316**	**-**
LFI	**300,111,585**	**151,733,792**	**8,102,824**
NWPI			
2021			
GERI	P 5,112,502,154	P 1,635,535,937	P 175,090,394
EELHI	4,495,217,729	760,663,345	23,619,795
MCTI	456,354,032	177,972,817	-
MREIT	1,806,625,310	423,248,654	-
MBPHI	2,431,858,083	420,365,816	-
LFI	554,170,309	311,257,955	2,376,412
NWPI	8,202	(2,599,043)	-
2020			
GERI	P 5,341,807,071	P 1,222,729,982	(P 1,617,931)
EELHI	5,205,581,572	560,267,510	(107,716,731)
MCTI	440,765,150	163,426,923	-
MBPHI	4,698,569,950	869,571,261	-
LFI	419,400,696	138,311,203	(2,891,031)
NWPI	1,428	(1,262,879)	-

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

	Net Cash from (Used in)		
	Operating Activities	Investing Activities	Financing Activities
2022			
GERI	**P 243,620,711**	**(P 1,749,326,023)**	**(P 87,887,407)**
EELHI	**400,808,553**	**29,440,184**	**(390,683,984)**
MCTI	**(925,743,293)**	**79,931,609**	**1,051,104,773**
MREIT	**2,513,336,874**	**(76,983)**	**(2,466,539,438)**
MBPHI	**(2,404,894,633)**	**(539,213,308)**	**(367,097,566)**
LFI	**249,491,046**	**7,488**	**(200,000,000)**
NWPI	**(28,229,018)**	**-**	**31,866,113**
2021			
GERI	P 296,711,694	(P 23,628,604)	P 1,434,041,992
EELHI	1,295,015,628	5,622,495	(40,942,556)
MCTI	(147,010,156)	(22,025,041)	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
2020			
GERI	(P 155,538,806)	(P 358,228,252)	P 131,398,685
EELHI	1,131,309,023	(2,721,264)	(144,199,581)
MCTI	(70,435,493)	47,671,293	-
MBPHI	1,489,075,211	(56,992,141)	-
LFI	271,532,158	171,938	(158,972,586)
NWPI	(103,343)	-	-

In 2022, only MREIT and LFI have declared and paid dividends amounting to P2,466.5 million and P200.0 million, respectively. In 2021, only MREIT and LFI have declared and paid dividends amounting to P607.7 million and P100.0 million, respectively.

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2022 (including the comparative consolidated financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Group's BOD on February 27, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies 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 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 Reporting Standards Council (FRSC) 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*

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 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 (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 (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. 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 2022 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, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 percent' Test of Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below are the relevant information about these pronouncements.

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use.* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Group's consolidated financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract.* The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Group's policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Group's consolidated financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified as onerous after applying the amendments.

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Group's consolidated financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) Effective Subsequent to 2022 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, 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, 2023)

(ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

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. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, the shares of the Parent Company held by the subsidiaries are recognized as treasury shares and these are presented as deduction in the consolidated statement of changes in equity. Any changes in the market values of such shares as recognized separately by the subsidiaries are likewise eliminated in full.

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.

The Parent Company accounts for its investments in subsidiaries, associates, interests in jointly-controlled operations, and non-controlling interests as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when: it has the power over the entity; it is exposed, or has rights to, variable returns from its involvement with the entity; and, has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.13).

(b) Investments in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for in the consolidated financial statements using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Earnings of Associates account in the consolidated statement of income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profit, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

Unrealized gains on transactions between the Parent Company and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates are changed when necessary to ensure consistency with the policies adopted by the Group.

(c) Interests in Jointly-controlled Operations

For interests in jointly-controlled operations, the Group recognizes in its consolidated financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint arrangement. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expense accounts of the Group.

No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint operation that are recognized in the separate financial statements of the joint operators.

(d) Transactions with Non-controlling Interests

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. 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. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are recognized in equity.

When the Parent Company ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of that entity are accounted for as if the Parent Company had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interests in various subsidiaries and associates as presented in Notes 1.1 and 11.

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.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized under Interest and Other Income or Charges – net in the consolidated statement of income.

(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. When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of gains or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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 Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instruments. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are categorized into the following categories: financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at FVOCI.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

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

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables, and Guarantee and other deposits (presented as part of Other Current and Non-current Assets).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statements of income as part of Interest and Other Income – net.

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

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 FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statements of income as part of Interest and Other Income – net.

Any dividends earned on holding equity instruments are recognized in the consolidated statements of income as part of Interest and Other Income – net, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include derivatives with positive fair value and are presented in the consolidated statement of financial position as part of Prepayments and Other Current Assets.

Financial assets at FVTPL are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as part of Interest and Other Income – net in the consolidated statements of income unless the Group has elected to apply hedge accounting by designating the derivative as hedging instrument in an eligible hedging relationship in which some or all gains and losses may be recognized in other comprehensive income and included under Revaluation Reserves in the statements of changes in equity.

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.

(b) Impairment of Financial Assets

The Group assesses its expected credit losses (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

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.

The key elements used in the calculation of ECL are as follows:

(i) *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

(ii) *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

(iii) *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all impaired financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognizes in other comprehensive income and accumulated in Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Derivative Financial Instruments and Hedge Accounting

The Group occasionally uses derivative financial instruments to manage its risks associated with foreign currency and interest rates. Derivatives are recognized initially at fair value and are subsequently remeasured at fair value. Such derivatives are carried as assets when the net fair value is positive and as liabilities when the net fair value is negative.

The Group uses hedge accounting when it assigns hedging relationships between a hedging instrument, usually a derivative financial instrument, and a hedged item. The hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness to qualify for hedge accounting. The hedging relationship must be expected to be highly effective over the period for which it is designated as cash flow hedge.

Changes in fair value of derivatives designated as hedging instruments in cash flow hedges are recognized in other comprehensive income and included under Revaluation Reserves in equity to the extent that the hedge is effective. Any ineffectiveness in the hedge relationship is recognized immediately in profit or loss.

If the hedged future cash flows are no longer expected, the amount that has been accumulated in Revaluation Reserves shall be immediately reclassified to profit or loss.

2.7 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 are also capitalized by the Group (see Note 2.21). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Costs of inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

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.

2.8 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Advances to contractors and suppliers pertain to advance payments made by the Group, which are for purchase of construction service and materials.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.9 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.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expenses as incurred.

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 2.17(a).

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of these assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated profit or loss in the year the item is derecognized.

2.10 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. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (see Note 2.18).

The residual values, estimated useful lives and method of depreciation of investment properties, except for land, are reviewed and adjusted, if appropriate, at the end of each reporting period.

Transfers to, or from, investment properties shall be made when and only when there is a change in use or purpose for such property.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

2.11 Financial Liabilities

Financial liabilities of the Group, which include interest-bearing loans and borrowings, bonds and notes payable, trade and other payables (except tax-related liabilities), derivative liabilities, redeemable preferred shares, advances 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), are recognized when the Group becomes a party to the contractual terms of the instrument. Financial liabilities (except derivative liabilities) are initially recognized at their fair values and subsequently measured at amortized cost using effective interest method for maturities beyond one year, less settlement payments. Derivative liabilities are initially recognized and subsequently measured at fair value. Changes in fair value are recognized in profit or loss unless designated as hedging instrument in a cash flow hedge (see Note 2.6).

All interest-related charges, except for capitalized borrowing costs, are recognized as expense in profit or loss under the caption Interest and Other Charges in the consolidated statement of income.

Interest-bearing loans and borrowings, bonds payable and redeemable preferred shares are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss, except for capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Preferred shares, which carry a mandatory coupon or are redeemable on specific date or at the option of the shareholder, are classified as financial liabilities and presented as a separate line item in the consolidated statement of financial position as Redeemable Preferred Shares. These shares are also issued for support of long-term funding.

Dividend distributions to shareholders, if any, are recognized as financial liabilities when the dividends are approved by the BOD. The dividends on the redeemable preferred shares are recognized in the consolidated statement of income as interest expense on an amortized cost basis using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Otherwise, these are presented as non-current liabilities.

All interest-related charges are recognized as expense in profit or loss under the caption Interest and other charges – net account in consolidated statement of income.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Financial liabilities are also derecognized when its terms are modified and the cash flows of the modified liability are substantially difference, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in consolidated statement of income.

2.12 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.13 Business Combination

(a) Accounting for Business Combination Using the Acquisition Method

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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Parent Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.18).

Negative goodwill, which is the excess of the Parent Company's interest in the fair value of net identifiable assets acquired over acquisition cost, is charged directly to profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the Parent Company is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or other comprehensive income, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Parent Company is required to report in its financial statements provisional amounts for the items for which accounting is incomplete. The recognized provisional amounts may be adjusted during the measurement period as if the accounting for the business combination had been completed at the acquisition date. The measurement period ends as soon as the Parent Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Any contingent consideration to be transferred by the Parent Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(b) Accounting of Business Combination Using the Pooling-of-interests Method

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. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2; *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements, (Amended by PIC Q&A No. 2015-01and PIC Q&A No. 2018-13)*; hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as "equity reserves", which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

2.14 Segment Reporting

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.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these products and service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length 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.

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

2.15 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.

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 those cases 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 consolidated financial statements. Similarly, probable 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 consolidated 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.

2.16 Revenue and Expense Recognition

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

To determine whether to recognize revenue from sale of real properties and hotel operations, the Group follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

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

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

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 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 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 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 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, ECOC, MBPHI, SEDI, LFI, OPI, MGAI, 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 (see Note 2.21) and estimated costs to complete the project, determined based on estimates made by the project engineers.

Operating expenses and other costs 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 which are included as part of the cost of the related qualifying asset (see Note 2.21).

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(b)].

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.

2.17 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

(a) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

(b) the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

(c) the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, 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 also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.18).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of 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.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented as part of property and equipment and other liabilities, respectively.

(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.

Leases wherein the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.18 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.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs-to-sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for goodwill and intangible assets with indefinite life, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.19 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. This fair value excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions), if any. The share-based remuneration is recognized as an expense in the consolidated profit or loss with a corresponding credit to retained earnings.

The expense is recognized during the vesting period based on the best available estimate of the number of share options expected to vest. The estimate is subsequently revised, if necessary, such that it equals the number that ultimately vests on vesting date. No subsequent adjustment is made to expense after vesting date, even if share options are ultimately not exercised.

Share options issued by a subsidiary is accounted for as non-controlling interests at fair value at the date of grant in the consolidated statement of changes in equity. However, during the period the option is outstanding, the non-controlling interest related to the option holder should not be attributed any profit or loss of the subsidiary until the option is exercised. Meanwhile, the related share option expense is recognized in full in profit or loss.

Upon exercise of share option, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to capital stock with any excess being recorded as additional paid in capital (APIC).

2.20 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined benefit contribution plans, and other employee benefits which are recognized as follows:

(a) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees, which are expected to be settled before twelve months after the end of the annual reporting period during which an employee services are rendered but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in the profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Trade and Other Payables account in the consolidated statement of financial position.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. 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 liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero-coupon government bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provide evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Interest and Other Charges – net or Interest and Other Income – net in the consolidated statement of income.

Past-service costs are recognized immediately in consolidated profit or loss in the period of a plan amendment and curtailment.

(c) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.21 Borrowing Costs

Borrowing costs, which consists of interest and other costs that the Company incurs in connection with borrowing of funds, are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.22 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of current tax and deferred tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.23 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the entities in the Group and their related parties, regardless whether a price is charged.

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

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

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.

2.24 Equity

Capital stock is determined using the nominal value of shares that have been issued.

APIC includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Also, this includes shares of the Parent Company held by certain subsidiaries (see Note 2.3).

Revaluation reserves consist of:

(a) Net fair value gains or losses recognized due to changes in fair values of financial assets recognized through other comprehensive income;

(b) Accumulated actuarial gains and losses arising from remeasurements of retirement benefit obligation, net of tax;

(c) Cumulative share in other comprehensive income of associates attributable to the Group;

(d) Translation adjustments resulting from the translation of foreign-currency denominated financial statements of certain foreign subsidiaries into the Group's functional and presentation currency;

(e) The effective portion of gains and losses on hedging instruments in a cash flow hedge; and,

(f) Changes in ownership interest in subsidiaries that do not result in a loss of control.

Retained earnings represent all current and prior period results of operations and share-based employee remuneration as reported in the consolidated statement of income, reduced by the amounts of dividends declared.

2.25 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing consolidated net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any share dividend, share split and reverse share split during the current year, if any.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive common shares (see Note 29).

2.26 Events After the End of the Reporting Period

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

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, while completed real estate properties is satisfied at a point in 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.

(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., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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 has 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 Notes 2.5(b) and 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 and P2.3 billion in 2022 and 2021, respectively.

(n) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provision are discussed in Note 2.15 and 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 2.5(b) and 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 2022, 2021 and 2020 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 through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

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, fair value is determined by reference to the fair value of a comparable instrument adjusted for inputs internally developed by management to consider the differences in corporate profile and historical performance of the investee. The amount of changes in fair value would differ had the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect consolidated profit and loss and equity. 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, 2022 and 2021 will be utilized in the succeeding years.

The carrying amount of the net deferred tax assets as at December 31, 2022 and 2021 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. Also, the Group's policy on estimating the impairment of goodwill and other non-financial assets is discussed in detail in Note 2.18. 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 assessment 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 2022, 2021 and 2020 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 amounts 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

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. Segment accounting policies are the same as the policies described in Note 2.14. The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

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.

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 Presentation of Segment Information

In 2022, the Group modified the presentation and measure of the performance of its operating segments such that only income and costs directly attributable to the segments are included. Following this change, the comparable segment information in the prior periods presented were restated to conform with the current year presentation.

4.5 Analysis of Segment Information

The tables presented in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2022, 2021 and 2020 and certain asset and liability information regarding segments as at December 31, 2022 and 2021.

	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	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 11,678,371,085**	**P 11,597,393,078**	**P 358,278,115**	**P 23,634,042,278**
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 – Real estate	Sale of Services		
		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	-	-	641,593,185
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	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 9,322,135,330	P 9,287,187,904	P 125,712,703	P 18,735,035,937
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

	2020			
	Sale of Goods – Real estate	Sale of Services		
		Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 24,858,537,303	P 12,932,770,278	P 1,482,160,976	P 39,273,468,557
Interest income from real estate sales	408,339,844	-	-	408,339,844
Intersegment sales	-	467,049,014	-	467,049,014
	25,266,877,147	13,399,819,292	1,482,160,976	40,148,857,415
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services	19,252,024,183	1,745,331,616	1,438,867,811	22,436,223,610
Depreciation and amortization	306,863,866	2,485,169,230	133,495,376	2,925,528,472
	19,558,888,049	4,230,500,846	1,572,363,187	25,361,752,082
SEGMENT OPERATING PROFITS	P 5,707,989,098	P 9,169,318,446	(P 90,202,211)	P 14,787,105,333

Total project and capital expenditures amounted to P45.9 billion, P38.2 billion and P27.9 billion in 2022, 2021 and 2020, respectively.

4.6 Reconciliations

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

	2022	2021	2020
Revenues			
Total segment revenues	**P 56,438,815,086**	P 47,521,155,694	P 40,148,857,415
Unallocated interest and other income	**3,620,769,383**	3,734,755,126	3,859,069,451
Elimination of intersegment sales	**(532,327,818)**	(501,620,089)	(467,049,014)
Revenues as reported in profit or loss	**P 59,527,256,651**	P 50,754,290,731	P 43,540,877,852
Profit or loss			
Segment operating profit	**P 23,634,042,278**	P 18,735,035,938	P 14,787,105,333
Unallocated interest and other income	**3,620,769,383**	3,734,755,126	3,859,069,451
Unallocated interest and other charges	**(5,628,116,793)**	(4,808,537,325)	(2,930,637,292)
Equity share in net losses	**(155,429,591)**	(176,548,383)	(69,879,672)
Other unallocated expenses	**(2,329,420,992)**	(2,541,395,012)	(1,709,186,268)
Profit before tax as reported in profit or loss	**P 19,141,844,285**	P 14,943,310,344	P 13,936,471,552

	2022	2021
Assets		
Segment assets	**P 391,728,301,149**	P 379,327,877,753
Investments in associates	**3,138,183,202**	3,287,474,516
Financial assets at fair value through other comprehensive income	**5,253,799,848**	5,760,368,447
Advances to other related parties	**6,378,875,057**	4,551,587,462
Other unallocated assets	**2,712,378,045**	5,049,942,930
Total assets reported in the consolidated statements of financial position	**P 409,211,537,300**	P 397,977,251,108
Liabilities		
Segment liabilities	**P 162,115,899,242**	P 159,629,530,683
Advances from associates and other related parties	**2,126,611,006**	3,243,336,539
Other unallocated liabilities	**3,948,504,100**	5,400,392,939
Total liabilities reported in the consolidated statements of financial position	**P 168,191,014,348**	P 168,273,260,161

5. CASH AND CASH EQUIVALENTS

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

	2022	2021
Cash on hand and in banks	**P 13,217,086,693**	P 10,751,423,572
Short-term placements	**14,537,481,753**	33,043,182,347
	P 27,754,568,446	P 43,794,605,919

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 5.70% in 2022, 0.05% to 4.50% in 2021, and 0.10% to 4.00% in 2020 (see Note 23).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2022**	2021
Current:			
Trade	15.3(h), 27.1	**P25,129,843,967**	P 25,298,080,162
Allowance for impairment		**(749,340,938)**	(761,550,836)
		24,380,503,029	24,536,529,326
Advances to associates and other related parties	27.2	**6,378,875,057**	4,551,587,462
Others	27.4	**5,146,909,136**	5,394,539,719
		35,906,287,222	34,482,656,507
Non-current:			
Trade	15.3(h)	**16,458,299,794**	7,878,577,198
Allowance for impairment		**(12,224,936)**	(12,224,936)
		16,446,074,858	7,866,352,262
Others	27.1	**4,589,496,313**	4,623,646,313
		21,035,571,171	12,489,998,575
		P56,941,858,393	P 46,972,655,082

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 P799.0 million, P641.6 million and P408.3 million in 2022, 2021 and 2020, 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, 2022 and 2021, the current portion of the finance lease receivables amounted to P140.2 million and P49.7 million, respectively, while non-current portion amounted to P408.6 million and P523.3 million, respectively.

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 2022 and 2021 is shown below.

	Current	Non-current	Total
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**
December 31, 2021:			
Balance at beginning of year	P 839,881,663	P 12,224,936	P 852,106,599
Reversal of impairment	(77,349,260)	-	(77,349,260)
Write off	(981,567)	-	(981,567)
Balance at end of year	P 761,550,836	P 12,224,936	P 773,775,772

In 2022 and 2021, based on management's reassessment of recoverability of receivables, the Group reversed a portion of allowance for impairment amounting to P12.1 million and P77.3 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.

	2022	2021
Residential and condominium units	**P 99,244,736,147**	P 87,357,060,915
Raw land inventory	**11,823,319,249**	12,718,498,816
Property development costs	**9,509,115,059**	12,770,169,977
Golf and resort shares	**2,874,136,306**	2,895,779,113
	P 123,451,306,761	P 115,741,508,821

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 P727.2 million and P655.0 million in 2022 and 2021, 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, no allowance for inventory write-down is required to be recognized in 2022, 2021 and 2020; hence, inventories are recorded at cost as at December 31, 2022 and 2021.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2022**	2021
Input VAT		**P 3,620,500,726**	P 3,472,235,583
Prepaid rent and other prepayments		**2,151,545,978**	1,371,970,679
Deferred commission	20.3	**1,962,421,561**	1,552,396,393
Creditable withholding taxes		**1,949,539,045**	2,654,752,614
Derivative asset	30	**197,431,085**	-
Deposits		**72,579,834**	175,938,357
Others		**411,015,871**	384,684,730
		P 10,365,034,100	P 9,611,978,356

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:

	Note	**2022**	2021
Equity securities:			
Quoted		**P 3,102,154,694**	P 3,098,501,606
Unquoted		**2,151,645,154**	2,661,866,841
	27.4	**P 5,253,799,848**	P 5,760,368,447

The Group's securities are investments from local entities.

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

	2022	2021
Balance at beginning of year	**P 5,760,368,447**	P 4,174,886,430
Additions and translation adjustments	**73,214,483**	238,089,875
Fair value gains (losses)	**(579,783,082)**	1,347,392,142
Balance at end of year	**P 5,253,799,848**	P 5,760,368,447

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 2022, 2021 and 2020, the Group received cash dividends amounting to P21.4 million, P24.5 million and P8.2 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 2.7).

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, 2022 and 2021, 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:

	2022	2021
Total commitment for construction expenditures	**P54,990,686,120**	P43,260,563,281
Total expenditures incurred	**(36,794,191,122)**	(28,723,107,507)
Net commitment	**P18,196,494,998**	P14,537,455,774

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2022 and 2021. The listing of the Group's jointly-controlled projects are as follows:

Parent Company:
- McKinley West
- Manhattan Garden City
- Uptown Bonifacio
- Northill Gateway
- 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, 2022 and 2021, and income and expenses for each of the three years in the period ended December 31, 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 (see Note 2.3).

As at December 31, 2022 and 2021, 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 2022 and 2021 amounted to P348.0 million and P333.2 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:

	2022	2021
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	**(399,719,957)**	(223,171,574)
Equity share in net losses of associates for the year	**(155,429,591)**	(176,548,383)
Balance at end of year	**(555,149,548)**	(399,719,957)
Accumulated equity in other comprehensive income:		
Balance at beginning of year	**69,120,911**	48,194,714
Share in other comprehensive income of associates	**6,138,277**	20,926,197
Balance at end of year	**75,259,188**	69,120,911
	P 3,138,183,202	P 3,287,474,516

The shares of stock of SUN are listed in the PSE which closed at P0.99 and P1.12 per share as of December 31, 2022 and 2021, respectively. The fair values of all other investments in associates are not available as at December 31, 2022 and 2021. 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.

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, 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	-	4,349,479,217
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 14,783,727,892**
December 31, 2021					
SUN	P 6,828,835,591	P 23,851,491,561	P 7,459,884,544	P 15,336,700,444	P 7,883,742,164
NPI	255,482,161	5,411,008,680	1,317,011,624	-	4,349,479,217
BWDC	941,814,221	1,664,189,610	882,306,335	31,659,593	1,692,037,903
PTHDC	1,134,958,743	146,281	1,010,048,029	-	125,056,995
	P 9,161,090,716	P 30,926,836,132	P 10,669,250,532	P 15,368,360,037	P 14,050,316,279

	Revenues	Net Loss	Other Comprehensive Income
2022			
SUN	P 13,196	(P 557,052,537)	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)	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
2020			
SUN	P 15,197,042	(P 211,545,268)	P 4,336,876
NPI	-	-	-
BWDC	66,586,695	5,048,071	-
PTHDC	4,633	(704,866)	-
	P 81,788,370	(P 207,202,063)	P 4,336,876

12. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2022 and 2021 are shown below.

	Land	Buildings	Total
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**
December 31, 2021			
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
January 1, 2021			
Cost	P 27,000,062,823	P 102,872,946,728	P 129,873,009,551
Accumulated depreciation	-	(14,890,520,122)	(14,890,520,122)
Net carrying amount	P 27,000,062,823	P 87,982,426,606	P 114,982,489,429

A reconciliation of the carrying amounts at the beginning and end of 2022, 2021 and 2020 of investment properties is shown below.

	Land	Buildings	Total
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 PPE		(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
Balance at January 1, 2020, net of accumulated depreciation	P 26,838,600,559	P 84,052,338,634	P 110,890,939,193
Transfer to property and equipment	-	(169,332,500)	(169,332,500)
Transfer from inventories	34,421	14,402,577	14,436,998
Additions	161,427,843	6,570,187,125	6,731,614,968
Depreciation charges for the year	-	(2,485,169,230)	(2,485,169,230)
Balance at December 31, 2020, net of accumulated depreciation	P 27,000,062,823	P 87,982,426,606	P 114,982,489,429

Rental income earned from these properties amounted to P15.7 billion, P13.3 billion and P12.9 billion in 2022, 2021 and 2020, respectively, and is shown as Rental Income in the consolidated statements of income. The direct operating costs, exclusive of depreciation incurred by the Group relating to these investment properties amounted to P937 million in 2022, P802.7 million in 2021, and P882.7 million in 2020. 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 2022, 2021 and 2020 amounted to P32.6 million, P29.6 million, and P37.2 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1.

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 P1,383.3 million and P1,607.2 million in 2022 and 2021, 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 2022 and 2021 are P464.8 billion and P464.5 billion as at December 31, 2022 and 2021, respectively, while the fair market value of idle land as of December 31, 2022 and 2021 is P55.5 billion. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 34.4.

As of December 31, 2022 and 2021, 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 2022 and 2021 are shown below and in the succeeding page.

	Buildings & Improvements	Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
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**
December 31, 2021							
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	P5,552,167,161	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

	Buildings & Improvements	Furniture, Fixtures and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
January 1, 2021							
Cost	P7,071,037,859	P 1,700,048,652	P 432,875,962	P 562,606,119	P 245,672,575	P 310,518,800	P 10,322,759,965
Accumulated depreciation and amortization	(1,509,924,901)	(1,238,333,340)	(310,435,212)	(485,892,991)	-	(58,573,516)	(3,603,159,960)
Net carrying amount	P5,561,112,958	P 461,715,312	P 122,440,750	P 76,713,128	P 245,672,575	P 251,945,284	P 6,719,600,005

A reconciliation of the carrying amounts at the beginning and end of 2022, 2021 and 2020, 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, 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						503,072,025
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
Balance at January 1, 2020, net of accumulated depreciation and amortization	P5,453,323,089	P 522,455,037	P 122,842,113	P 100,039,766	P 245,672,575	P 257,918,425	P 6,702,251,003
Additions	214,062,002	133,827,341	42,650,409	40,169,319	-	35,626,357	466,335,428
Transfer from investment properties	169,332,500	-	-	-	-	-	169,332,500
Disposals	-	(5,438,966)	-	(353,175)	-	-	(5,792,141)
Depreciation charges for the year	(275,604,633)	(189,128,100)	(43,051,772)	(63,142,782)	-	(41,599,498)	(612,526,785)
Balance at December 31, 2020, net of accumulated3 depreciation	P5,561,112,958	P 461,715,312	P 122,440,750	P 76,713,128	P 245,672,575	P 251,945,284	P 6,719,600,005

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**
2022					
Offices	6	1 – 12 years	4 years	3	1
Commercial lot	4	1 – 25 years	16 years	2	1
2021					
Offices	4	1 – 12 years	7 years	2	1
Commercial lot	3	1 – 26 years	14 years	2	1

The breakdown of the Group's right-of-use assets as at December 31, 2022 and 2021 and the movements during the years are shown below.

	Offices	Commercial Lot	Total
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, 2022 and 2021, 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	2022	2021
Goodwill		**P 1,385,124,597**	P1,385,124,597
Guarantee and other deposits		**1,050,101,840**	877,329,410
Deferred commission	20.3	**1,034,827,696**	2,022,525,348
Leasehold rights – net		**83,582,600**	90,547,817
Miscellaneous		**206,053,383**	205,005,800
		P 3,759,690,116	P4,580,532,972

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 P76.6 billion, P445.5 million and P2.9 billion, respectively, at end of 2022 and P57.2 billion, P473.2 million and P4.6 billion, respectively, at end of 2021. These were computed using cash flows projections covering a five-year period and extrapolating cash flows using a conservative steady growth rate of 2.6% in 2022 and 3.6% in 2021. The aggregate recoverable amounts of the cash generating units assigned to other subsidiaries is P96.6 million and P93.3 million in 2022 and 2021, 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 8.2% in 2022 and 7.3% in 2021.

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 2022, 2021 and 2020 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

On December 23, 2020, a wholly-owned subsidiary advanced an amount of P1,200.9 million for the purchase of the Parent Company's perpetual securities. As the securities are under the trusteeship of a third party, the amount was presented as Deposit for cancellation of perpetual securities. In 2021, the perpetual securities were redeemed in full (see Note 28.7).

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 2022, 2021 and 2020, 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.

15. INTEREST-BEARING LOANS AND BORROWINGS

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

	2022	2021
Parent Company:		
Php-denominated	**P 31,382,744,047**	P 28,909,550,457
U.S. dollar-denominated	**2,341,894,555**	4,580,587,013
	33,724,638,602	33,490,137,470
Subsidiaries –		
Php-denominated	**15,933,857,618**	18,159,567,128
	P 49,658,496,220	P 51,649,704,598

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

	2022	2021
Current	**P 12,691,010,973**	P 12,685,534,491
Non-current	**36,967,485,247**	38,964,170,107
	P 49,658,496,220	P 51,649,704,598

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.

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 P2,104.2 million, P2,251.7 million and P2,726.2 million in 2022, 2021 and 2020, respectively. Of these amounts, portion charged as expense amounted to P833.9 million, P788.9 million and P666.9 million in 2022, 2021 and 2020, 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 2022, 2021 and 2020 amounted to P1,270.3 million, P1,462.8 million and P2,059.3 million, respectively. The outstanding interest payable as of December 31, 2022 and 2021 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 3.11%, 3.01% and 4.25% in 2022, 2021 and 2020, respectively.

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

	2022	2021	2020
Balance at beginning of year	**P 151,754,133**	P 106,676,331	P 136,794,038
Additions	**75,000,000**	120,000,000	37,500,000
Amortization	**(73,429,132)**	(74,922,198)	(67,617,707)
Balance at end of year	**P 153,325,001**	P 151,754,133	P 106,676,331

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 2022

In December 2017, the Parent Company obtained an unsecured long-term loan from a local bank amounting to U.S. $98.87 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 shall commence in March 2019 and a floating interest is paid quarterly based on a three-month London interbank offered rate (LIBOR) plus a certain spread. The Parent Company entered into a cross-currency swap transaction to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 30). In 2022, the Parent Company has paid in full its outstanding loan balance.

(b) Philippine Peso, seven-year loan due 2022

In November 2015, the Parent Company obtained an unsecured long-term loan from a local bank amounting to P5.0 billion. The loan is payable semi-annually for a term of seven years. The principal repayments on this loan commenced in November 2016 and interest is paid semi-annually based on a fixed 5.25% annual interest rate. In 2022, the Parent Company has paid in full its outstanding loan balance.

(c) Philippine Peso, seven-year loan due 2022

In March 2015, the Parent Company signed a financing deal with a local bank in which the latter may avail of a P10.0 billion unsecured loan, divided equally into two tranches which the Parent Company fully availed in 2015. The proceeds of the loan were used to fund the development of the Parent Company's various real estate projects and retire currently maturing obligations. The loan is payable quarterly for a term of seven years. The principal repayments on this loan commenced in June 2016 and interest is paid quarterly based on a fixed 5.63% annual interest rate, which was further negotiated to 4.00% effective July 1, 2021. In 2022, the Parent Company has paid in full its outstanding loan balance.

(d) 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 of 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 6.30% effective September 2, 2020.

(e) 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 three-month LIBOR plus a certain spread. The Parent Company entered into a cross-currency swap transaction to hedge the U.S. Dollar and interest rate exposure of the loan (see Note 30).

(f) 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 the fourth year.

(g) 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 shall commenced in June 2022 and a floating interest is paid quarterly based on a five-day average reference rate plus a certain spread.

(h) 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 shall commenced in March 2022. Interest on the loan is fixed at 4.00% payable quarterly.

(i) 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.

(j) 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.

(k) 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.

15.2 EELHI

(a) Philippine Peso, seven-year loan due 2022

In 2015, EELHI obtained a P2.0 billion unsecured loan from a local bank. The loan was released in three tranches from 2015 to 2016 and bears fixed interest of 5.4% for the first and second tranches, and floating rate ranging from 3.2% to 3.5% subject to quarterly re-pricing for the third tranche. The proceeds of the loan were used to fund the development of EELHI's various real estate projects. In 2022, EELHI has paid in full its outstanding loan balance.

(b) 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 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%. The outstanding balances of the loans as of December 31, 2022 and 2021 amounted to P500.0 million in both years.

(b) Philippine Peso, liability on assigned receivables

In 2022 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, 2022 and 2021 amounted to P0.9 billion and P1.4 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, 2022 and 2021 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 2022

In December 2017, GERI obtained an unsecured long-term loan from a local bank amounting to P2.0 billion. The loan is payable quarterly for a term of five years commencing on the beginning of the fifth quarter from the initial drawdown date. The loan bears a floating interest rate and is payable quarterly in arrears.

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

In December 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 with a grace period of two years upon availment. The principal repayment on the loan shall commence in December 2022. The loan bears a fixed interest rate of 5.26% and is payable quarterly in arrears.

(d) Philippine Peso, seven-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.

(e) 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.

(f) 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 on 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.

15.5 TLC

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.

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.

16. BONDS AND NOTES PAYABLE

This account is composed of the following:

	2022	2021
Philippine peso	**P 11,989,962,729**	P 11,981,932,912
U.S. dollar	**33,249,112,781**	30,000,109,334
	P 45,239,075,510	P 41,982,042,246

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

	2022	2021
Current	**P 14,026,453,110**	P -
Non-current	**31,212,622,400**	41,982,042,246
	P 45,239,075,510	P 41,982,042,246

(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.

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 P2,139.4 million, P1,983.9 million and P1,496.5 million in 2022, 2021 and 2020, respectively. Of these amounts, the portion charged as expense amounted to P1,209.5 million, P1,103.1 million and P872.2 million in 2022, 2021 and 2020, 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, 2022 and 2021 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 P840.2 million, P799.4 million and P581.2 million in 2022, 2021 and 2020, respectively. Capitalization rate used in determining the amount of interest charges qualified for capitalization is 3.89% in 2022, 3.87% in 2021 and 2.89% in 2020.

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

	2022	2021	2020
Balance at beginning of year	**P 457,320,770**	P 538,744,014	P 48,903,571
Additions	**-**	-	533,014,807
Amortization	**(89,717,567)**	(81,423,244)	(43,174,364)
Balance at end of year	**P 367,603,203**	P 457,320,770	P 538,744,014

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	2022	2021
Trade payables		**P 14,927,714,758**	P 14,438,713,317
Retention payable		**5,198,564,149**	5,092,856,605
Refund liability		**1,495,318,078**	1,598,037,403
Accrued interest	15, 16	**765,943,568**	673,948,706
Miscellaneous		**1,771,225,658**	1,072,411,109
		P 24,158,766,211	P 22,875,967,140

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 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 2022) 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	2022	2021
Current:			
Unearned income		**P 3,242,781,577**	P 2,928,397,465
Commission payable		**2,077,980,412**	2,632,525,561
Advances from customers		**1,912,385,149**	1,558,113,579
Subscription payable	11.1(a), 27	**1,114,665,008**	1,114,665,008
Lease liabilities		**104,635,874**	72,195,557
Derivative liability	30	**-**	147,793,407
Other payables		**923,333,571**	1,022,705,897
		9,375,781,591	9,476,396,474
Non-current:			
Deferred rent - net		**3,160,203,687**	3,950,438,046
Retention payable	17	**1,676,303,061**	2,144,942,479
Lease liabilities		**506,110,406**	517,377,243
Other payables	18	**687,380,443**	479,905,536
		6,029,997,597	7,092,663,304
		P 15,405,779,188	P16,569,059,778

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 as of December 31, 2021 mainly pertain to the outstanding balance on the purchase of PCMI shares (see Note 27.6).

The total cash outflows relating to lease liabilities for the years ended December 31, 2022 and 2021 are as follows:

	Note	2022	2021
Principal of lease liability		**P 18,840,748**	P -
Interest on lease liability	24	**38,577,068**	29,570,421
		P 57,417,816	P 29,570,421

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

	Lease Payment	Finance Charges	Net Present Value
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**
2021			
Within one year	P 110,776,861	(P 38,581,304)	P 72,195,557
After one year but not more than two years	59,622,870	(37,208,976)	22,413,894
After two years but not more than three years	60,085,188	(35,567,044)	24,518,144
After three years but not more than four years	59,560,155	(33,951,583)	25,608,572
After four years but not more than five years	60,370,357	(32,294,017)	28,076,340
More than five years	810,937,480	(394,177,187)	416,760,293
	P 1,161,352,911	(P 571,780,111)	P 589,572,800

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 P114.8 million, P77.0 million and P181.1 million in 2022, 2021 and 2020, 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 and in the succeeding page.

	Segments		
	Real Estate	Hotel Operations	Total
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
	P36,849,992,605	**P 2,603,709,878**	**P39,453,702,483**

	Segments		
	Real Estate	Hotel Operations	Total
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
2020			
Residential and office units	P 21,667,844,909	P -	P 21,667,844,909
Lots only	3,190,692,394	-	3,190,692,394
Room accommodation	-	1,129,655,569	1,129,655,569
Food and beverages	-	327,418,219	327,418,219
Other hotel services	-	25,087,188	25,087,188
	P 24,858,537,303	P 1,482,160,976	P 26,340,698,279

20.2 Contract Accounts

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

	2022		2021	
	Contract Assets	**Contract Liabilities**	Contract Assets	Contract Liabilities
Balance at beginning of year	**P19,922,247,362**	**P7,403,695,808**	P19,380,726,313	P 5,843,629,303
Transfers from contract assets recognized at the beginning of year to trade receivables	**(8,200,052,415)**	**-**	(6,331,845,183)	-
Increase due to satisfaction of performance obligation over time, net of cash collections	**7,897,72,826**	**-**	6,873,366,232	-
Revenue recognized that was included in contract liability at the beginning of year	**-**	**(3,679,150,615)**	-	(1,704,149,276)
Increase due to cash received in excess of performance to date	**-**	**4,521,876,337**	-	3,264,215,781
Balance at end of year	**P19,619,923,773**	**P 8,246,421,530**	P19,922,247,362	P 7,403,695,808

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

	2022	2021
Current	**P 13,613,227,726**	P 11,970,852,843
Non-current	**6,006,696,047**	7,951,394,519
	P 19,619,923,773	P 19,922,247,362

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

	2022	2021
Current	**P 3,392,947,567**	P 2,447,089,883
Non-current	**4,853,473,963**	4,956,605,925
	P 8,246,421,530	P 7,403,695,808

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 P31.8 billion and P27.5 billion as of December 31, 2022 and 2021, respectively (see Note 6).

20.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. 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 (see Notes 8 and 14). 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 2022 and 2021 is presented below.

	2022	2021
Balance at beginning of year	**P 3,574,921,741**	P 3,360,073,323
Additional capitalized costs net of sales cancellations	**743,317,115**	1,035,710,361
Amortization for the year	**(1,320,989,599)**	(820,861,943)
Balance at end of year	**P 2,997,249,257**	P 3,574,921,741

20.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P43.7 billion and P47.1 billion as of December 31, 2022 and 2021, respectively, which the Group expects to recognize as follows:

	2022	2021
Within a year	**P23,100,331,580**	P21,139,283,515
More than one year to three years	**16,480,982,363**	19,761,215,172
More than three to five years	**4,155,242,262**	6,225,643,643
	P43,736,556,205	P47,126,142,330

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:

	2022	2021	2020
Contracted services	**P 15,157,644,269**	P 13,921,991,148	P 11,219,299,981
Land cost	**2,423,993,776**	1,870,060,652	1,884,946,036
Borrowing cost	**722,695,142**	792,405,811	462,338,695
Other costs	**250,422,205**	289,825,668	223,941,120
	P18,554,755,392	P16,874,283,279	P 13,790,525,832

21.2 Cost of Hotel Operations

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

	Note	**2022**	2021	2020
Salaries and employee benefits	25.1	**P 401,131,662**	P 272,425,884	P 294,423,195
Food and beverage		**320,804,080**	191,503,125	113,744,576
Rent		**271,757,384**	251,186,534	174,698,043
Utilities		**199,361,040**	246,934,596	145,490,772
Hotel operating supplies		**172,987,985**	74,716,451	46,365,836
Outside services		**47,380,779**	7,071,957	143,269,354
Miscellaneous		**49,028,505**	43,140,012	45,112,756
		P 1,462,451,435	P 1,086,978,559	P 963,104,532

22. OPERATING EXPENSES

Presented below are the details of this account.

	Notes	**2022**	2021	2020
Salaries and employee benefits	25.1	**P 3,462,970,100**	P 2,878,758,053	P 2,774,714,292
Depreciation and amortization	12, 13, 14	**3,279,686,210**	3,467,925,032	3,104,661,233
Commission	20.3	**1,782,224,386**	1,220,192,387	1,211,294,878
Taxes and licenses		**1,078,623,548**	1,192,439,947	1,058,641,173
Advertising and promotions		**959,749,002**	764,372,156	551,242,571
Outside services		**894,576,529**	826,990,607	553,576,807
Utilities and supplies		**808,326,783**	494,027,066	470,914,537
Professional fees		**616,959,535**	594,801,585	511,233,774
Association dues		**402,711,876**	365,873,255	435,179,281
Transportation		**294,644,206**	194,751,215	154,786,603
Rent	19	**177,257,360**	76,988,707	181,081,217
Donation		**100,524,798**	149,743,170	252,789,709
Miscellaneous	11.2	**726,404,823**	637,769,661	590,142,897
		P 14,584,659,156	P 12,864,632,841	P 11,850,258,972

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	2022	2021	2020
Interest income	5, 6, 27.1	**P 2,942,288,364**	P 2,104,896,268	P 2,003,787,163
Property management, commission and construction income		**1,049,617,328**	1,617,611,176	1,269,150,213
Dividend income	9, 27.4	**21,420,750**	24,456,757	8,193,611
Gain on sale of property	12	**-**	136,206,674	-
Foreign currency gains – net	5, 15, 16	**-**	-	788,594,465
Miscellaneous – net	6	**406,499,756**	493,258,807	197,683,843
		P 4,419,826,198	P 4,376,429,682	P 4,267,409,295

24. INTEREST AND OTHER CHARGES

Presented below are the details of this account.

	Notes	2022	2021	2020
Interest expense	10.2 15, 16 18, 25.3	**P 2,258,100,909**	P 1,941,630,481	P 1,641,304,190
Other charges:				
Foreign currency losses – net	15, 16	**1,738,714,911**	1,265,498,741	-
Impairment and other losses	6	**777,544,878**	682,473,797	659,918,645
Day one loss	6	**543,289,914**	483,265,727	269,781,190
Miscellaneous – net		**310,466,180**	435,668,579	359,633,267
		P 5,628,116,792	P 4,808,537,325	P 2,930,637,292

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	2022	2021	2020
Short-term benefits		**P 3,764,816,906**	P 3,010,286,233	P 2,975,240,661
Employee share option benefit	25.2, 28.6	**16,372,411**	10,204,332	21,381,914
Post-employment benefits	25.3	**82,912,445**	130,693,372	72,514,912
	21, 22	**P 3,864,101,762**	P 3,151,183,937	P 3,069,137,487

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, 2022 and 2021, 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, 2022, 2021, and 2020, 60.0 million, 50.0 million, and 40.0 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 P16.4 million, P10.2 million and P21.4 million in 2022, 2021 and 2020, 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 2022 and 2021.

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

	2022	2021
Present value of the obligation	**P 972,939,970**	P1,121,810,503
Fair value of plan assets	**(623,365,103)**	(575,007,802)
Net defined benefit liability	**P 349,574,867**	P 546,802,701

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

	2022	2021
Balance at beginning of year	**P 1,121,810,503**	P1,345,331,303
Current service costs	**82,912,445**	130,693,372
Interest costs	**53,408,462**	49,827,794
Remeasurements –		
Actuarial gains		
arising from changes in:		
Financial assumptions	**(139,502,189)**	(134,104,864)
Experience adjustments	**(98,910,242)**	(202,235,817)
Benefits paid	**(46,779,009)**	(67,701,285)
Balance at end of year	**P 972,939,970**	P1,121,810,503

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

	2022	2021
Balance at beginning of year	**P 575,007,802**	P 525,575,607
Contributions received	**74,967,204**	82,108,139
Benefits paid	**(20,260,104)**	(42,322,863)
Interest income	**12,696,272**	20,862,500
Loss on plan assets		
(excluding amount included		
in net interest cost)	**(18,776,071)**	(11,215,581)
Balance at end of year	**P 623,365,103**	P 575,007,802

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

	2022	2021
Cash and cash equivalents	**P 283.7**	P 184.4
Investment in marketable securities		
Equity securities	**51.0**	242.5
Debt securities	**289.7**	148.1
	P 623.4	P 575.0

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

As of December 31, 2022 and 2021, the funds include investments in securities of its related parties (see Note 27).

The carrying amount and fair value of investments in debt securities of entities within the Group as of December 31, 2022 amounted to P99.1 million and P98.7 million, respectively, while the carrying amount and fair value as of December 31, 2021 amounted to P101.4 million and P101.4 million, respectively. Unrealized fair value losses on these securities as of December 31, 2022 amounted to P0.3 million.

The carrying amount and fair value of investments in equity securities of entities within the Group as of December 31, 2022 amounted to P40.0 million and P36.0 million, respectively, while the carrying amount and fair value as of December 31, 2021 amounted to P48.9 million and P36.0 million, respectively. Unrealized fair value losses on these securities as of December 31, 2022 and December 31, 2021 amounted to P4.0 million and P 13.0 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 P34.6 million, P9.6 million and P23.7 million in 2022, 2021 and 2020, 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	**2022**	2021	2020
Reported in consolidated statements of income:				
Current service costs	25.1	**P 82,912,445**	P130,693,372	P 72,514,912
Net interest costs	24	**24,843,870**	28,965,294	59,037,029
		P107,756,315	P159,658,666	P 131,551,941
Reported in consolidated statements of comprehensive income:				
Actuarial gains (losses) arising from changes in:				
Experience adjustments		**P 98,910,242**	P 202,235,817	P 100,470,130
Financial assumptions		**139,502,189**	134,104,864	(267,188,298)
Loss on plan assets (excluding amounts included in net interest expense)		**(18,776,071)**	(11,215,581)	(13,525,074)
		219,636,360	325,125,100	(354,133,354)
Tax expense	26	**(55,553,033)**	(62,880,238)	(106,240,006)
		P164,083,327	P262,244,862	(P 247,893,348)

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:

	2022	2021	2020
Discount rates	**3.60% - 7.54%**	3.58% - 5.20%	3.70% - 5.09%
Expected rate of salary increases	**1.00% - 4.00%**	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 in debt securities 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 and debt securities. Due to the long-term nature of the plan obligation, a level of continuing 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, 2022 and 2021:

		Impact on Retirement Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
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)
December 31, 2021			
Discount rate	0.50% - 1.00%	(P 134,872,845)	P 154,277,589
Salary increase rate	1.00%	192,679,302	(147,803,409)

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 P112.3 million to the plan during the next reporting period.

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

	2022	2021
Within one year	**P 188,858,699**	P 183,023,171
More than one year to 5 years	**125,565,313**	169,124,514
More than 5 years to 10 years	**236,059,745**	426,063,067
More than 10 years to 15 years	**399,266,717**	375,319,675
More than 15 years to 20 years	**777,949,467**	642,769,942
More than 20 years	**3,716,837,078**	3,238,493,721
	P 5,444,537,019	P 5,034,794,090

The weighted average duration of the DBO at the end of the reporting period range from 6 to 17 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,
- 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:

	2022	2021	2020
Reported in consolidated statements of income:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%, 20% and 10% in 2022 and 2021, and 30% and 10% in 2020	**P 2,543,749,490**	P 847,820,456	P 2,707,466,693
Adjustment in 2020 income taxes due to change in income tax rate	**-**	(188,097,109)	-
Final tax at 15% and 7.5%	**92,864,680**	38,763,811	58,700,066
Minimum corporate income tax (MCIT) at 1% in 2022 and 2021 and, 2% in 2020	**7,855,985**	275,179	33,058,126
Application of MCIT	**(6,637,583)**	-	-
Preferential tax rate	**4,080,128**	-	-
	2,641,912,700	698,762,337	2,799,224,885
Deferred tax expense relating to:			
Effect of the change in income tax rate	**-**	(1,893,077,651)	-
Origination and reversal of temporary differences	**1,125,645,191**	1,759,232,643	548,681,373
	P 3,767,557,891	P 564,917,329	P 3,347,906,258

	2022	2021	2020
Reported in consolidated statements of comprehensive income –			
Deferred tax expense (income) relating to:			
Origination and reversal of temporary differences	**P 90,455,063**	P 93,038,135	(P 101,774,635)
Effect of the change in income tax rate	**-**	(18,401,038)	-
	P 90,455,063	P 74,637,097	(P 101,774,635)

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:

	2022	2021	2020
Tax on pretax profit at 25% in 2022, and 2021, and 30% in 2020	**P4,580,423,997**	P 3,735,827,587	P 4,180,941,466
Effect of change in income tax rate	**-**	(2,081,174,760)	-
Adjustment for income subjected to lower income tax rates	**(36,561,436)**	(185,194,162)	(135,250,737)
Tax effects of:			
Non-taxable income	**(1,487,155,854)**	(1,156,058,029)	(1,062,695,429)
Non-deductible expenses	**348,829,998**	203,836,087	229,869,981
Unrecognized deferred tax assets (liabilities) on temporary differences	**(11,501,508)**	64,569,571	31,518,283
Miscellaneous	**373,522,694**	(16,888,965)	103,522,694
	P 3,767,557,891	P 564,917,329	P 3,347,906,258

The deferred tax assets and liabilities relate to the following as of December 31:

	2022	2021
Deferred tax assets – net:		
NOLCO	**P 212,416,830**	P 51,712,686
Difference between the fair value and carrying value of net assets acquired	**114,104,045**	141,225,062
MCIT	**33,950,887**	43,703,007
Retirement benefit obligation	**24,540,446**	48,881,410
Allowance for impairment of receivables	**11,923,309**	92,800,723
Allowance for property development costs	**7,689,776**	7,689,776
Others	**(10,479,728)**	(8,565,089)
	P 394,145,565	P 377,447,575

	2022	2021
Deferred tax liabilities – net:		
Uncollected gross profit	**P 7,635,045,037**	P 7,095,801,281
Capitalized interest	**4,739,118,374**	3,873,011,389
Unrealized foreign currency losses – net	**(1,906,553,539)**	(715,939,540)
Difference between the tax reporting base and financial reporting base of rental income	**1,280,542,497**	1,037,372,316
Bond issuance costs	**124,819,699**	140,644,041
Uncollected rental income	**79,275,569**	65,973,836
Share options	**(54,993,884)**	(122,086,372)
Retirement benefit obligation	**(16,976,614)**	(155,553,920)
Others	**383,830,555**	322,565,856
	P 12,264,107,694	P 11,541,788,887

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% of gross income, net of allowable deductions as defined under the tax regulations.

Pursuant to Section 4(bbbb) of Bayanihan 1 Act for taxable years 2021 and 2022 NOLCO can be claimed as deduction within five consecutive years immediately following the year of such loss.

The details of the Group's MCIT that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2022	P 14,584,217	2025
2021	17,464,096	2026
2020	26,458,789	2023
	P 58,507,102	

The details of the Group's NOLCO that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2022	P 241,844,778	2025
2021	156,313,788	2026
2020	80,505,896	2025
	P 478,644,462	

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 2022, 2021 and 2020, the Group opted to continue claiming itemized deductions, except for MDC, MREIT and LFI which opted to use 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.

The summary of the Group's transactions with its related parties as of December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020 are as follows:

Related Party Category	Notes	Amount of Transactions			Outstanding Investment/ Receivable (Payable)	
		2022	2021	2020	**2022**	2021
Ultimate Parent Company:						
Dividends paid	27.5	**(P 887,481,897)**	(P 609,361,023)	(P 535,472,192)	**P -**	P -
Investments in equity securities	27.4	**15,786,980**	563,303,640	(129,956,000)	**1,878,650,620**	1,862,863,640
Dividend income	27.4	**21,413,262**	10,127,290	6,130,000	**-**	10,127,290
Advances granted	27.2	-		-	**930,000,000**	930,000,000
Acquisition of PCMI shares	27.6	**-**	2,000,000,250	-	**-**	(1,000,000,250)
Associates:						
Advances granted (collected)	27.2	**155,104**	(89,575,460)	2,252,794	**1,009,892,937**	1,009,737,833
Subscription payable	19	**-**	-	-	**(1,114,655,008)**	(1,114,655,008)

Related Party Category	Notes	Amount of Transactions 2022	2021	2020	Outstanding Investment/ Receivable (Payable) 2022	2021
Related Parties Under Common Ownership:						
Reimbursement of construction costs	27.1	**P -**	P -	P -	**P 3,056,180,769**	P 3,056,180,769
Advances availed (paid)	27.3	**(1,116,725,533)**	739,639,479	(230,932,687)	**(2,126,611,006)**	(3,243,336,539)
Rendering of services	27.1	**261,499,284**	137,222,809	111,141,371	**127,460,076**	150,993,738
Advances granted	27.2	**1,827,132,491**	413,989,151	222,908,412	**4,438,982,120**	2,611,849,629
Dividend income	27.4	**-**	13,538,826	2,061,115	**-**	-
Investments in equity securities	27.4	**(494,554,541)**	992,357,068	(163,041,128)	**3,364,753,554**	3,859,308,095
Sale of investment properties	27.9	**-**	136,607,414	-	**-**	-
Key Management Personnel – Compensation	27.7	**377,635,099**	316,686,607	307,865,292	**-**	-
Retirement plan Investments in equity and debt securities	25.3(b)	**-**	-	-	**134,696,111**	137,411,428

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.

Occasionally, the Parent Company sells real properties to its related parties in the normal course of business.

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 2022, 2021 and 2020.

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, 2022 and 2021, 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 below (see Note 6).

	2022	2021
Advances to ultimate parent	**P 930,000,000**	P 930,000,000
Advances to associates	**1,009,892,937**	1,009,737,833
Advances to other related parties	**4,438,982,120**	2,611,849,629
	P6,378,875,057	P4,551,587,462

The movements in advances to associates are as follows:

	2022	2021
Balance at beginning of year	**P1,009,737,833**	P1,099,313,293
Advances granted	**155,104**	-
Advances collected	**-**	(89,575,460)
Balance at end of year	**P1,009,892,937**	P1,009,737,833

The movements in advances to other related parties under common ownership are as follows:

	2022	2021
Balance at beginning of year	**P2,611,849,629**	P2,197,860,478
Advances granted	**1,827,132,491**	413,989,152
Balance at end of year	**P4,438,982,120**	P2,611,849,629

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 2022, 2021 and 2020 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:

	2022	2021
Balance at beginning of year	**P3,243,336,539**	P2,683,950,114
Advances availed	**1,317,261,209**	608,170,119
Advances paid	**(2,433,986,742)**	(48,783,694)
Balance at end of year	**P 2,126,611,006**	P3,243,336,539

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). Outstanding receivable from this transaction is presented as part of Others under the current portion of Trade and Other Receivables account in the 2021 statement of financial position, nil in 2022 (see Note 6).

27.5 Dividends Paid to the Ultimate Parent Company

The Ultimate Parent Company received dividends from the Parent Company amounting to P0.9 billion, P0.6 billion and P0.5 billion in 2022, 2021 and 2020, respectively. There were no outstanding liabilities relating to this transaction as of December 31, 2022 and 2021 (see Note 28.4).

27.6 Acquisition of PCMI shares

In 2021, the Parent Company acquired 968,932,750 shares of PCMI from AGI for a total price of P2.0 billion. The Parent Company paid P1.0 billion of the total consideration upon execution of the deed of sale. The unpaid portion is payable on demand and is presented as part of Other Current Liabilities in the consolidated statements of financial position (see Note 19).

27.7 Key Management Personnel Compensation

The Group's key management personnel compensation includes the following:

	2022	2021	2020
Short-term benefits	**P 276,491,249**	P 258,281,464	P 222,375,207
Post-employment benefits	**84,771,439**	48,200,811	64,108,171
Employee share option benefit	**16,372,411**	10,204,332	21,381,914
	P 377,635,099	P 316,686,607	P 307,865,292

27.8 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, 2022 and 2021 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 do not include investments in equity nor debt securities of the Group.

27.9 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. The consideration was fully paid in 2021. No similar transaction occurred in 2022 and 2020.

28. EQUITY

Capital stock of the Parent Company consists of:

	Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
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	**(513,795,000)**	(471,552,000)	(130,920,000)	**(1,268,862,277)**	(1,111,874,917)	(118,104,398)
Acquisitions during the year	**(372,831,000)**	(42,243,000)	(341,632,000)	**(916,099,229)**	(156,987,360)	(994,672,630)
Issuances during the year	**1,000,000**	-	1,000,000	**902,111**	-	902,111
Balance at end of year	**(885,626,000)**	(513,795,000)	(471,552,000)	**(2,184,059,395)**	(1,268,862,277)	(1,111,874,917)
Issued and outstanding	**31,485,239,872**	31,857,070,872	31,899,313,872	**P 30,186,806,477**	P 31,102,003,595	P 31,258,990,955
Total issued and outstanding shares	**31,485,239,872**	31,857,070,872	31,899,313,872	**P 30,246,806,477**	P 31,162,003,595	P 31,318,990,955

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, 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, 2021 and 2020, RHGI holds certain number of common shares with costs of P515.2 million, which are treated as treasury shares on the Group's consolidated financial statements (see Note 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 2022, 2021 and 2020 (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. There were no movements in the Parent Company's APIC accounts in 2021. In 2022 and 2020, 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 Group's cash dividend declarations, both for preferred and common shares, are as follows:

	2022	2021	2020
Declaration date/date of approval by BOD	**October 17, 2022**	November 10, 2021	December 4, 2020
Date of record	**October 31, 2022**	November 24, 2021	December 18, 2020
Date of payment	**November 14, 2022**	December 10, 2021	January 8, 2021
Amounts declared			
Common	**P 1,910,507,946**	P 1,337,220,837	P 1,177,196,572
Preferred	**600,000**	600,000	600,000
	P 1,911,107,946	P 1,337,820,837	P 1,177,796,572
Dividends per share:			
Common	**P 0.06**	P 0.04	P 0.04
Preferred	**P 0.01**	P 0.01	P 0.01

28.5 Treasury Shares

This account also includes the Parent Company's common shares held and acquired by RHGI. The amount of treasury common shares aggregated to P2,699.2 million as at December 31, 2022.

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 and 2020, the 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 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 P16.4 million, P10.2 million and P21.4 million share option benefits expense in 2022, 2021 and 2020, 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 2022, 2021 and 2020.

In 2021, 15.0 million share options were forfeited due to resignation of certain key executive officers, respectively. There was no forfeiture due to resignation in 2022 and 2020.

A total of 10.0 million, 10.0 million and 5.0 million share options have vested in 2022, 2021 and 2020, respectively.

A total of 1.0 million share options were exercised at a price of P1.77 per share both in 2022 and 2020. There was no similar transaction in 2021.

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 P16.4 million, P10.2 million and P21.4 million share-based executive compensation in 2022, 2021 and 2020, 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, 2022, 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. However, none of these have been exercised yet by any of the option holders as of December 31, 2022.

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 2022, 2021 and 2020 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 and in the succeeding page.

	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, 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	-	-	-	-	-	
Exchange difference on translating foreign operations	-	-	114,460,580	-	-	114,460,580
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)	(36,948,122)	-	-	(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	**(P1,725,993,007)**	**P 690,094,340**	**(P 259,538,921)**	**P 37,604,713**	**P8,626,592,277**	**P7,368,759,402**
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
Balance as of January 1, 2020	(P 2,165,438,907)	P 17,362,375	(P 382,828,958)	(P 108,506,018)	(P 861,828,431)	(P 3,501,239,939)
Other comprehensive income (loss):						
Remeasurements of retirement benefit post-employment obligation	-	354,133,354	-	-	-	354,133,354
Fair value losses on financial assets at FVOCI	(323,225,082)	-	-	-	-	(323,225,082)
Fair value losses on cash flow hedge	-	-	-	(144,749,961)	-	(144,749,961)
Share of non-controlling interest	21,809,848	5,945,816	-	-	-	27,755,664
Share in OCI of associates	-	1,474,538	-	-	-	1,474,538
Exchange difference on translating foreign operations	-	-	(14,884,569)	-	-	(14,884,569)
Other comprehensive income (loss) before tax	(301,415,234)	361,553,708	(14,884,569)	(144,749,961)	-	(99,496,056)
Tax income (expense)	-	(106,240,006)	4,465,371	-	-	(101,774,635)
Other comprehensive income (loss) after tax	(301,415,234)	255,313,702	(10,419,198)	(144,749,961)	-	(201,270,691)
Balance as of December 31, 2020	(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)

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.

29. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2022	2021	2020
Net profit attributable to the Parent Company's shareholders	**P13,455,475,825**	P 13,434,466,763	P 9,885,989,490
Dividends on cumulative preferred shares Series "A"	**(600,000)**	(600,000)	(600,000)
Distribution to holders of perpetual securities	**-**	(151,963,438)	(535,258,625)
Profit available to the Parent Company's common shareholders	**P13,454,875,825**	P 13,281,903,325	P 9,350,130,865
Divided by weighted average number of outstanding common shares	**P 31,241,230,149**	P 31,447,978,960	P 31,662,256,883
Basic EPS	**P 0.431**	P 0.422	P 0.295
Divided by weighted average number of outstanding common shares and potential dilutive shares	**P31,297,654,542**	P 31,544,782,959	P 31,762,511,001
Diluted EPS	**P 0.430**	P 0.421	P 0.294

Unexercised share warrants have already expired; hence, were no longer included in the computation. In addition, the potentially dilutive outstanding share options totaling P232.5 million in 2022, 233.5 million in 2021, and 248.5 million in 2020 were also considered in the computations (see Note 28.6).

30. CROSS CURRENCY SWAPS

In 2017, the Parent Company entered into a cross currency swap agreement with a local bank. Under the agreement, the Parent Company will receive a total of $98.87 million to be paid on a quarterly basis beginning March 2019 up to December 2022 plus interest based on three-month LIBOR plus a certain spread. In exchange, the Parent Company shall make fixed quarterly payments in Philippine peso plus a fixed interest of 4.91%. As of December 31, 2022, the Parent Company fully paid the cross currency swap agreement.

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 has 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 (Liabilities)
2022		
Cash flow hedge – Cross currency swaps	**$ 41,834,003**	**P 197,431,085**
2021		
Cash flow hedge – Cross currency swaps	$ 90,457,359	(P 147,793,407)

The hedging instruments have a positive fair value of P197.4 million in 2022 and a negative fair value of P147.8 million in 2021. These are presented as Derivative assets under Other Current Assets in the 2022 consolidated statement of financial position (see Note 8) and as Derivative liabilities under Other Current Liabilities in the 2021 and 2020 consolidated statements of financial position (see Note 19). The Parent Company recognized a total of P91.1 million and P199.7 million unrealized gain on cash flow hedges in 2022 and 2021, respectively, and P144.7 million unrealized loss on cash flow hedges in 2020. These are presented as part of other comprehensive income in the consolidated statements of comprehensive income.

As of December 31, 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 of 5% to 10% (see Note 12).

Future minimum lease receivables under these agreements are as follows:

	2022	2021	2020
Within one year	**P 16,954,000,233**	P 15,346,826,374	P 12,632,761,053
After one year but not more than two years	**18,969,350,475**	19,794,874,132	20,521,928,927
After two years but not more than three years	**20,073,548,227**	20,409,706,265	21,458,334,550
After three years but not more than four years	**20,902,530,811**	22,140,397,894	23,144,750,760
After four years but not more than five years	**22,417,321,069**	22,902,976,810	25,236,915,271
More than five years	**28,155,620,943**	28,951,568,529	29,407,145,172
	P127,472,371,758	P 129,546,350,004	P132,401,835,733

(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 P38.4 million, P42.1 million and P45.5 million in 2022, 2021 and 2020, 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**
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**

	Lease Collection	Interest Income	Present Value
2021			
Within one year	P 88,070,235	(P 38,419,379)	P 49,650,856
After one year but not more than two years	88,699,119	(34,355,507)	54,343,612
After two years but not more than three years	89,346,871	(29,909,018)	59,437,853
After three years but not more than four years	90,014,054	(25,047,216)	64,966,838
After four years but not more than five years	58,545,847	(24,407,402)	34,138,445
More than five years	679,150,148	(368,782,763)	310,367,385
	P 1,093,826,274	(P 520,921,285)	P 572,904,989

31.2 Continuing Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic began to spread in the Philippines in early March 2020, and its impact has continued until the date of the approval of these financial statements. In 2022, the country's economic condition improved because of resumption of local and international travels as well as the easing of health restrictions brought about by the pandemic. Demand and supply have gradually returned to pre-pandemic levels. As a result, the impact of the COVID-19 pandemic to the Group has been lessened, and the Group's operations are already nearing the pre-pandemic levels.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management expects that the Group will continue to report positive results of operations and will remain liquid to meet current obligations as they near maturity. Moreover, management is taking an optimistic stance in the Group's ability to sustain its growth momentum even amid concerns on the effects of the pandemic.

31.3 Others

As at December 31, 2022 and 2021, the Group has unused long-term credit facilities amounting to P30.0 billion and P16.8 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, 2022 and 2021, net foreign currency-denominated financial liabilities in U.S. dollar, translated into Philippine Peso at the closing rate, amounted to P27.9 billion and P29.1 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 6.29% and 4.11% in 2022 and 2021, respectively. If the exchange rate increased or decreased by such percentages, the profit before tax in 2022 and 2021 would have changed by P1,609.0 million and P1,006.7 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.

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 1.44:1.00 and 1.68:1.00 as of December 31, 2022 and 2021, respectively.

The sensitivity of the consolidated net results in 2022 and 2021 to a reasonably possible change of 1.0% in floating rates is P364.8 million and P303.1 million, respectively. The sensitivity of the consolidated equity in 2022 and 2021 to a reasonably possible change of 1.0% in floating rates is P273.6 million and P227.3 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	**2022**	2021
Cash and cash equivalents	5	**P 27,754,568,446**	P 43,794,605,919
Trade receivables	6	**35,581,092,269**	25,554,518,598
Rent receivables	6	**5,245,485,618**	6,848,362,991
Other receivables	6	**9,736,405,449**	10,018,186,032
Advances to associates and other related parties	6	**6,378,875,057**	4,551,587,462
Contract assets	20.2	**19,619,923,773**	19,922,247,362
Guarantee and other deposits	14	**1,050,101,840**	877,329,410
		P105,366,452,452	P111,566,837,774

(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 December 31, 2022, 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 P761.6 million and P773.8 million as of December 31, 2022 and 2021, 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 in the succeeding page.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
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 -**
2021			
Real estate sales receivables	P 25,554,518,598	P 47,366,699,973	P -
Contract assets	19,922,247,362	39,245,568,476	-
Rental receivables	6,848,362,991	6,868,267,197	-
	P 52,325,128,951	P 93,480,535,646	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.

	2022	2021
Current (not past due)	**P 53,887,281,080**	P 43,932,107,669
Past due but not impaired:		
More than one month but not more than 3 months	**954,754,703**	974,190,192
More than 3 months but not more than 6 months	**586,514,889**	548,006,308
More than 6 months but not more than one year	**880,683,667**	819,948,803
More than one year	**632,624,054**	698,402,110
	P 56,941,858,393	P 46,972,655,082

(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, 2022 and 2021, 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, 2022 and 2021, the Group's financial liabilities have contractual maturities which are presented below.

	Notes	Within 1 Year	1 to 5 Years	More than 5 Years
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**
2021:				
Interest-bearing loans and borrowings*	15	P 13,774,904,323	P 32,538,000,744	P 10,235,411,126
Trade and other payables	17	22,593,431,337	-	-
Bonds and notes payable*	16	1,846,322,250	28,001,900,250	17,506,119,750
Redeemable preferred shares*	18	251,597,580	-	-
Advances from other related parties	27.3	3,243,336,539	-	-
Subscription payable	19	1,114,665,008	-	-
Other liabilities	19	2,632,525,561	2,144,942,479	-
		P 45,456,782,590	P 62,684,843,473	P 27,741,530,876

**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, 2022 and 2021 are summarized in the succeeding page.

	Observed Volatility Rates	Impact on Equity	
		Increase	Decrease
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)**
2021			
Investment in equity securities:			
Holding company	+/-5.98%	P 64,836,746	(P 64,836,746)
Manufacturing	+/-6.96%	63,977,136	(63,977,136)

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	2022		2021	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
At amortized costs:					
Cash and cash equivalents	5	**P 27,754,568,446**	**P 27,754,568,446**	P 43,794,605,919	P 43,794,605,919
Trade and other receivables – net	6, 27.2	**56,941,858,393**	**56,478,631,731**	46,972,655,082	47,357,915,588
Guarantee and other deposits	14	**1,050,101,840**	**1,050,101,840**	877,329,410	877,329,410
		P 85,746,528,679	**P 85,283,302,017**	P 91,644,590,411	P 92,029,850,917
Financial assets at FVTPL – Derivative assets	9	**P 197,431,085**	**P 197,431,085**	P -	P -
Financial assets at FVOCI – Equity securities	9	**P 5,253,799,848**	**P 5,253,799,848**	P 5,760,368,447	P 5,760,368,447
Financial Liabilities					
At amortized costs:					
Interest-bearing loans and borrowings	15	**P 49,658,496,220**	**P 48,867,760,656**	P 51,649,704,598	P 51,056,234,787
Bonds and notes payable	16	**45,239,075,510**	**44,796,324,832**	41,982,042,246	42,567,948,736
Trade and other payables	17	**24,158,766,211**	**23,874,659,281**	22,593,431,337	22,593,431,337
Advances from other related parties	27.3	**2,126,611,006**	**2,126,611,006**	3,243,336,539	3,243,336,539
Subscription payable	19	**1,114,665,008**	**1,114,665,008**	1,114,665,008	1,114,665,008
Redeemable preferred shares	18	**-**	**-**	251,597,580	251,597,580
Other liabilities	19	**3,754,283,473**	**3,754,283,473**	4,777,468,040	4,777,468,040
		P 126,051,897,428	**P 124,534,304,256**	P 125,612,245,348	P125,604,682,027
Financial liabilities at FVTPL – Derivative liabilities	19, 30	**P -**	**P -**	P 147,793,407	P 147,793,407

See Notes 2.5, 2.6 and 2.11 for a description of the accounting policies for each category of financial instrument. 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 2022 and 2021 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 and P1.4 billion as of December 31, 2022 and 2021, respectively, 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)].

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 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 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, 2022 and 2021 (see Notes 9 and 30).

	Level 1	Level 2	Level 3	Total
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**
2021				
Financial assets –				
Equity securities	P 3,098,501,606	P -	P2,661,866,841	P 5,760,368,447
Financial liability –				
Derivatives	P -	P 147,793,407	P -	P 147,793,407

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, 2022 and 2021, 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 2022 and 2021, the fair value of these equity securities is determined using discounted cash flows valuation technique with discount rate of 8.9% and 6.9% in 2022 and 2021, respectively, and growth rate of 3.0% and 3.6% in 2022 and 2021, 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 2022 and 2021 is shown below.

	2022	2021
Balance at beginning of year	**P 2,661,866,841**	P 2,272,177,173
Fair value gains (losses)	**(505,694,707)**	389,689,668
Balance at end of year	**P 2,156,172,134**	P 2,661,866,841

The Group recognized P258.5 million fair value losses and P957.7 million fair value gains in 2022 and 2021, respectively, on the Level 1 equity securities. For the Level 3 equity securities, the Group recognized P505.7 million fair value losses and P389.7 million fair value gains in 2022 and 2021, 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 through appraisals by independent valuation specialists using market–based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

As at December 31, 2022 and 2021, 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.

There were no transfers into or out of Level 3 fair value hierarchy in 2022 and 2021. 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:

	2022	2021
Interest-bearing loans and borrowings	**P 49,658,496,220**	P 51,649,704,598
Bonds and notes payable	**45,239,075,510**	41,982,042,246
	P 94,897,571,730	P 93,631,746,844
Total equity	**P 241,020,522,952**	P229,703,990,947
Debt-to-equity ratio	**0.39 : 1:00**	0.41 : 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, 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	11,839,772,065
Repayments	(12,451,825,598)	-	(23,479,830)	(2,433,986,742)	(14,845,900,050)
Non-cash financing activities:					
Foreign currency exchange	(140,784,867)	3,167,315,697	15,330,995	-	3,032,828,736
Amortization of debt issue cost	78,881,230	89,717,567	-	-	104,202,756
Additional lease liabilities		-	-	-	
Interest amortization on lease liabilities	-	-	29,322,315	-	30,965,903
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	410,519,532	1,617,763,016	7,570,126	-	2,035,852,674
Amortization of debt issue cost	-	81,423,244	-	-	81,423,244
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
Balance as of January 1, 2020	P51,256,475,989	P24,623,883,690	P 653,588,108	P 2,914,882,801	P79,448,830,588
Net cash flows:					
Proceeds	7,800,000,000	16,692,935,192	-	24,157,233	24,517,092,425
Repayments	(13,107,450,229)	-	(40,815,130)	(255,089,920)	(13,403,355,279)
Non-cash financing activities:					
Foreign currency exchange	(370,859,343)	(1,077,137,260)	(8,923,035)	-	(1,456,919,638)
Amortization of debt issue cost	-	43,174,364	-	-	43,174,364
Offset from finance lease receivables	-	-	(93,931,898)		(93,931,898)
Additional lease liabilities	-	-	36,791,892	-	36,791,892
Interest amortization on lease liabilities	-	-	40,907,034	-	40,907,034
Balance as of December 31, 2020	P45,578,166,417	P40,282,855,986	P 587,616,971	P 2,683,950,114	P89,132,589,488

37. OTHER MATTER

The Parent Company was awarded a certificate of registration under ISO 9001:1994 on November 26, 1999 by Certification International Philippines, Inc. which was upgraded to ISO 9001:2000 and ISO 9001:2008 series on November 21, 2002 and November 25, 2011, respectively.

Effective December 18, 2017, the Parent Company has upgraded its Certification to ISO 9001:2015 for its quality management system. The scope of the certification covers all areas of the Parent Company's real estate development and marketing. Among others, the Parent Company is required to undergo surveillance audits every six months and a re-assessment audit every 3 years.

P&A Grant Thornton

Annex "F-1"

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2023, 2022 and 2021

P&A Grant Thornton

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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, 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 – Real estate	Sale of Services		
		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**	P 54,990,686,120
Total expenditures incurred	**(33,633,489,683)**	(36,794,191,122)
Net commitment	**P 30,006,690,171**	P 18,196,494,998

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**	**P105,172,345,750**	**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	P107,756,315	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)	P164,083,327	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%	**P5,964,077,092**	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
	P14,587,512,527	P12,264,107,694

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	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 "F-2"

MEGAWORLD CORPORATION

30th Floor, Alliance Global Tower, 36th Street Corner 11th Avenue, Uptown Bonifacio, Fort Bonifacio, Taguig City, NCR, Fourth District Philippines 1630
Tels (632) 8946300 / 9052800 • www.megaworldcorp.com • Email customerservice@megaworldcorp.com

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;
Page No. 23;
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. 486534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

P&A Grant Thornton

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

P&A Grant Thornton

Report of Independent Auditors

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

T +63 2 8988 2288

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	₱ 32,430,865,872	₱ 16,995,980,793	(₱ 2,852,655,275)	₱ 10,494,221,542	₱ 170,753,455,312	₱ 227,821,868,243	₱ 32,845,977,729	₱ 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	**₱ 33,805,865,872**	**₱ 18,233,480,793**	**(₱ 2,852,655,275)**	**₱ 12,637,576,354**	**₱ 184,469,855,728**	**₱ 246,294,123,471**	**₱ 32,440,966,955**	**₱ 278,735,090,426**
Balance at January 1, 2023	₱ 32,430,865,872	₱ 16,662,746,970	(₱ 2,699,225,572)	₱ 7,368,759,402	₱ 155,463,027,054	₱ 209,226,173,725	₱ 31,794,349,227	₱ 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	₱ 32,430,865,872	₱ 16,995,980,793	(₱ 2,852,655,275)	₱ 10,494,221,542	₱ 170,753,455,312	₱ 227,821,868,243	₱ 32,845,977,729	₱ 260,667,845,972
Balance at January 1, 2022	₱ 32,430,865,872	₱ 16,660,844,347	(₱ 1,784,028,454)	₱ 7,627,867,265	₱ 143,903,318,444	₱ 198,838,867,474	₱ 30,865,123,473	₱ 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	₱ 32,430,865,872	₱ 16,662,746,970	(₱ 2,699,225,572)	₱ 7,368,759,402	₱ 155,463,027,054	₱ 209,226,173,725	₱ 31,794,349,227	₱ 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	₱ 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
	₱ 7,892,057,489	**₱ 56,047,723,447**	**₱ 4,820,130,232**	**₱ 43,922,185,898**	**₱ 15,197,465,166**
December 31, 2023					
SUN	₱ 7,642,889,468	₱ 37,572,385,833	₱ 2,037,311,231	₱ 33,636,653,715	₱ 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
	₱ 9,558,111,074	₱ 45,284,198,966	₱ 5,125,465,065	₱ 33,701,637,939	₱ 16,015,207,036

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
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)
2022			
SUN	₱ 13,196	(₱ 557,052,537)	₱ 24,071,676
NPI	-	-	-
BWDC	150,838,321	73,823,084	-
PTHDC	5,978	(178,880)	-
	₱ 150,857,495	(₱ 483,408,333)	₱ 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

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)

Composition of the Group

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

Subsidiaries	Effective Percentage of Ownership		
	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