C01146-2025

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. Date of Report (Date of earliest event reported)

   Feb 26, 2025

2. SEC Identification Number

   167423

3. BIR Tax Identification No.

   000-477-103

4. Exact name of issuer as specified in its charter

   MEGAWORLD CORPORATION

5. Province, country or other jurisdiction of incorporation

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City, Philippines
   Postal Code
   1634

8. Issuer's telephone number, including area code

   (632) 8894-6300/6400

9. Former name or former address, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	32,558,251,872
Preferred	6,000,000,000

11. Indicate the item numbers reported herein

   Item 9(b)

Megaworld Corporation
MEG

PSE Disclosure Form 4-30 - Material Information/Transactions
References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure
Audited Consolidated Financial Statements of Megaworld Corporation for the year ended 31 December 2024
Background/Description of the Disclosure
In line with corporate governance best practices and applicable disclosure rules and regulations, Megaworld Corporation hereby releases its 2024 Audited Consolidated Financial Statements within sixty (60) days from the financial year end.
Other Relevant Information
None.

Filed on behalf by:

Name	Krizelle Marie Poblacion
Designation	Legal Counsel

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER

1. **February 26, 2025**
   Date of Report

2. SEC Identification Number: **167423** 3. BIR Tax Identification No: **000-477-103**

4. **MEGAWORLD CORPORATION**
   Exact name of Issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
   Industry Classification Code

7. **30th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 8894-6300/6400**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	**32,558,251,872**[1]
Preferred	**6,000,000,000**
Total	**38,558,251,872**

10. **Item 9(b)**

Please see the attached Audited Consolidated Financial Statements of Megaworld Corporation for the year ended 31 December 2024, as audited by its external auditor, Punongbayan & Araullo.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MEGAWORLD CORPORATION
Issuer
By:

DR. FRANCISCO C. CANUTO
Senior Vice President and
Corporate Information Officer
February 26, 2025

[1] The Corporation has issued an additional 1,375,000,000 common shares pursuant to the increase in authorized capital stock approved by the Securities and Exchange Commission on 29 July 2024. 31,183,251,872 outstanding common shares are listed with the Philippine Stock Exchange (PSE), while the additional 1,375,000,000 common shares recently issued has been applied for listing in accordance with the PSE Listing Rules.

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. 10466008 Jan. 2, 2025/Makati City
IBP No. 488534 Dec. 27, 2024
MCLE NO. VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Megaworld Corporation and Subsidiaries

December 31, 2024, 2023 and 2022

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenu
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, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024 and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group, and its consolidated financial performance and its consolidated cash flows as at and for the year ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). The consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2023, are presented in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which discusses the adoption and impact of the previously deferred provisions of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry using modified retrospective approach. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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

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

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because of the volume of transactions, complexity of the application of PFRS 15 and the related financial reporting interpretations, and involvement of significant judgment and estimation. Moreover, real estate sales amounting to P51.0 billion and cost of real estate sales amounting to P25.4 billion account for 62.4% of consolidated Revenues and Income and 42.3% of consolidated Costs and Expenses, respectively, for the year ended December 31, 2024. The areas affected by revenue recognition and determination of related costs, which require significant judgment and estimate, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects that defines the amount of revenue to be recognized, and determining the amount of actual costs incurred as cost of real estate sales.

In addition, the Group adopted in 2024 the previously deferred provisions of PFRS 15 and the related financial reporting interpretations using modified retrospective approach. These areas were significant to our audit as an error in the application of such complex accounting framework, which also requires significant judgment and estimate, could cause a material misstatement in the consolidated financial statements.

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

How the Matter was Addressed in the Audit

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

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

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

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

In relation to the adoption of the previously deferred provisions of PFRS 15 and the related financial reporting interpretations, we obtained an understanding of the relevant changes in the Group's revenue recognition policy and related business processes. We evaluated the Group's application of the adopted provisions mentioned above and compliance thereto. We also performed tests of mathematical accuracy of the Group's analysis and schedule of significant financing component and completeness of the relevant supporting contract summary and calculations, review of reasonableness of applicable prior period adjustments accounted for under modified retrospective approach, examination of supporting documents of a sample of agreements, and performing overall analytical review of actual results.

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

(b) Consolidation Process

Description of the Matter

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

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

How the Matter was Addressed in the Audit

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the relevant accounting framework as discussed in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is John Endel S. Mata.

PUNONGBAYAN & ARAULLO

By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 10465907, January 2, 2025, Makati City
BIR AN 08-002551-040-2023 (until Jan. 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-012 (until Aug. 12, 2027)

February 24, 2025

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 21,421,340,361**	P 25,115,017,234
Trade and other receivables - net	6	**41,297,762,439**	35,926,522,343
Contract assets	20	**22,818,989,860**	16,725,717,102
Inventories	7	**135,861,851,519**	134,493,092,091
Advances to contractors and suppliers		**12,796,591,650**	12,796,034,554
Prepayments and other current assets	8	**13,483,399,074**	13,580,396,977
Total Current Assets		**247,679,934,903**	238,636,780,301
NON-CURRENT ASSETS			
Trade and other receivables - net	6	**33,261,605,435**	28,758,158,409
Contract assets	20	**12,696,802,261**	8,995,733,228
Advances to contractors and suppliers		**1,486,773,874**	1,796,688,120
Advances to landowners and joint operators	10	**8,830,352,156**	8,160,417,609
Financial assets at fair value through other comprehensive income	9	**5,411,250,309**	5,390,622,368
Investments in associates - net	11	**2,813,484,851**	3,069,422,324
Investment properties - net	12	**146,883,191,897**	135,155,548,880
Property and equipment - net	13	**7,194,011,622**	7,273,195,298
Deferred tax assets - net	26	**424,869,567**	412,824,612
Other non-current assets - net	14	**2,954,563,063**	2,923,327,024
Total Non-current Assets		**221,956,905,035**	201,935,937,872
TOTAL ASSETS		**P 469,636,839,938**	P 440,572,718,173

	Notes	2024	2023
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**P 21,405,997,726**	P 16,625,470,088
Trade and other payables	17	**28,832,783,345**	26,394,004,577
Contract liabilities	20	**1,669,576,401**	1,763,382,934
Customers' deposits	2	**9,692,489,861**	9,440,841,699
Advances from other related parties	27	**1,463,852,566**	1,247,044,914
Income tax payable		**26,700,260**	69,133,848
Bonds and notes payable	16	**-**	11,997,992,546
Other current liabilities	19	**9,218,381,287**	8,837,345,891
Total Current Liabilities		**72,309,781,446**	76,375,216,497
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	**68,587,513,305**	55,154,846,130
Bonds and notes payable	16	**20,049,554,649**	19,116,598,705
Contract liabilities	20	**4,914,917,981**	5,693,360,461
Customers' deposits	2	**2,370,902,526**	2,383,982,004
Deferred tax liabilities - net	26	**15,884,995,337**	14,587,512,527
Retirement benefit obligation - net	25	**869,941,394**	618,205,997
Other non-current liabilities	19	**5,914,142,874**	5,975,149,880
Total Non-current Liabilities		**118,591,968,066**	103,529,655,704
Total Liabilities		**190,901,749,512**	179,904,872,201
EQUITY	28		
Total equity attributable to the Company's shareholders		**246,294,123,471**	227,821,868,243
Non-controlling interests		**32,440,966,955**	32,845,977,729
Total Equity		**278,735,090,426**	260,667,845,972
TOTAL LIABILITIES AND EQUITY		**P 469,636,839,938**	P 440,572,718,173

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
REVENUES AND INCOME				
Real estate sales	20	**P 50,988,478,086**	P 42,721,115,222	P 36,849,992,605
Rental income	12	**19,678,069,599**	17,854,466,048	15,653,727,970
Hotel operations	20	**5,107,047,400**	3,807,063,945	2,603,709,878
Interest and other income - net	23	**5,913,737,481**	5,345,510,276	4,419,826,198
		81,687,332,566	69,728,155,491	59,527,256,651
COSTS AND EXPENSES				
Cost of real estate sales	21	**25,381,121,671**	21,604,685,140	18,554,755,392
Cost of hotel operations	21	**2,965,752,572**	2,185,776,633	1,462,451,435
Operating expenses	22	**19,834,930,659**	16,959,260,295	14,584,659,156
Equity share in net losses of associates	11	**290,085,568**	65,412,001	155,429,591
Interest and other charges - net	24	**6,340,531,092**	5,056,713,055	5,628,116,792
Tax expense	26	**5,208,226,235**	4,455,738,864	3,767,557,891
		60,020,647,797	50,327,585,988	44,152,970,257
NET PROFIT FOR THE YEAR		**P 21,666,684,769**	P 19,400,569,503	P 15,374,286,394
Net profit attributable to:				
Company's shareholders		**P 18,749,285,284**	P 17,345,401,623	P 13,455,475,825
Non-controlling interests		**2,917,399,485**	2,055,167,880	1,918,810,569
		P 21,666,684,769	P 19,400,569,503	P 15,374,286,394
Earnings Per Share:	29			
Basic		**P 0.590**	P 0.560	P 0.431
Diluted		**P 0.590**	P 0.560	P 0.430

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
NET PROFIT FOR THE YEAR		**P 21,666,684,769**	P 19,400,569,503	P 15,374,286,394
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to consolidated profit or loss:				
Fair value gains (losses) on financial assets at fair value through other comprehesive income	9	**(536,270,329)**	101,480,862	(579,783,082)
Actuarial gains (losses) on retirement benefit obligation	25	**(183,519,128)**	(268,851,445)	219,636,360
Tax income (expense)	25, 26	**32,067,402**	65,908,044	(55,553,033)
		(687,722,055)	(101,462,539)	(415,699,755)
Items that will be reclassified subsequently to consolidated profit or loss:				
Exchange difference on translating foreign operations	2	**75,688,819**	44,115,901	106,276,210
Unrealized gains (losses) on cash flow hedge	30	**(55,952,053)**	(34,246,151)	91,147,189
Share in other comprehensive income (losses) of associates	11	**34,148,095**	(3,348,877)	6,138,277
Tax expense	26	**(30,443,239)**	(20,768,304)	(34,902,030)
		23,441,622	(14,247,431)	168,659,647
Total Other Comprehensive Loss		**(664,280,433)**	(115,709,970)	(247,040,108)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P 21,002,404,336**	P 19,284,859,532	P 15,127,246,286
Total comprehensive income attributable to:				
Company's shareholders		**P 18,235,174,133**	P 17,244,878,432	P 13,196,367,962
Non-controlling interests		**2,767,230,203**	2,039,981,100	1,930,878,324
		P 21,002,404,336	P 19,284,859,532	P 15,127,246,286

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Attributable to the Company's Shareholders							
	Capital Stock (See Note 28)	**Additional Paid-in Capital** (See Note 28)	**Treasury Shares - At Cost** (See Note 28)	**Revaluation Reserves** (See Note 28)	**Retained Earnings** (See Note 28)	**Total**	**Non-controlling Interests**	**Total Equity**
Balance at January 1, 2024								
As reported	P 32,430,865,872	P 16,995,980,793	(P 2,852,655,275)	P 10,494,221,542	P 170,753,455,312	P 227,821,868,243	P 32,845,977,729	P 260,667,845,972
Effect of adoption of deferred PFRS 15 and other related interpretations (see Note 2)	-	-	-	-	(2,484,697,179)	(2,484,697,179)	(281,234,293)	(2,765,931,472)
As restated	32,430,865,872	16,995,980,793	(2,852,655,275)	10,494,221,542	168,268,758,133	225,337,171,064	32,564,743,436	257,901,914,500
Issuance of capital stock	1,375,000,000	1,237,500,000	-	-	-	2,612,500,000	-	2,612,500,000
Changes in percentage of ownership	-	-	-	2,774,895,670	-	2,774,895,670	(1,324,002,148)	1,450,893,522
Cash dividends	-	-	-	-	(2,662,552,254)	(2,662,552,254)	(1,567,004,536)	(4,229,556,790)
Realized loss on sale of financial assets at fair value through other comprehensive income	-	-	-	(117,429,707)	104,027,183	(13,402,524)	-	(13,402,524)
Share-based employee compensation	-	-	-	-	10,337,382	10,337,382	-	10,337,382
Total comprehensive income (loss) for the year	-	-	-	(514,111,151)	18,749,285,284	18,235,174,133	2,767,230,203	21,002,404,336
Balance at December 31, 2024	**P 33,805,865,872**	**P 18,233,480,793**	**(P 2,852,655,275)**	**P 12,637,576,354**	**P 184,469,855,728**	**P 246,294,123,471**	**P 32,440,966,955**	**P 278,735,090,426**
Balance at January 1, 2023	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952
Reissuance of treasury shares	-	333,233,823	515,166,177	-	-	848,400,000	-	848,400,000
Changes in percentage of ownership	-	-	-	3,225,985,331	-	3,225,985,331	363,803,525	3,589,788,856
Cash dividends	-	-	-	-	(2,058,559,594)	(2,058,559,594)	(1,352,156,123)	(3,410,715,717)
Acquisition of treasury shares	-	-	(668,595,880)	-	-	(668,595,880)	-	(668,595,880)
Share-based employee compensation	-	-	-	-	3,586,229	3,586,229	-	3,586,229
Total comprehensive income (loss) for the year	-	-	-	(100,523,191)	17,345,401,623	17,244,878,432	2,039,981,100	19,284,859,532
Balance at December 31, 2023	P 32,430,865,872	P 16,995,980,793	(P 2,852,655,275)	P 10,494,221,542	P 170,753,455,312	P 227,821,868,243	P 32,845,977,729	P 260,667,845,972
Balance at January 1, 2022	P 32,430,865,872	P 16,660,844,347	(P 1,784,028,454)	P 7,627,867,265	P 143,903,318,444	P 198,838,867,474	P 30,865,123,473	P 229,703,990,947
Exercise of stock options	-	1,902,623	902,111	-	(1,031,680)	1,773,054	-	1,773,054
Cash dividends	-	-	-	-	(1,911,107,946)	(1,911,107,946)	(1,001,652,570)	(2,912,760,516)
Acquisition of treasury shares	-	-	(916,099,229)	-	-	(916,099,229)	-	(916,099,229)
Share-based employee compensation	-	-	-	-	16,372,411	16,372,411	-	16,372,411
Total comprehensive income for the year	-	-	-	(259,107,863)	13,455,475,825	13,196,367,962	1,930,878,324	15,127,246,286
Balance at December 31, 2022	P 32,430,865,872	P 16,662,746,970	(P 2,699,225,572)	P 7,368,759,402	P 155,463,027,054	P 209,226,173,725	P 31,794,349,227	P 241,020,522,952

See Notes to Consolidated Financial Statements.

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 26,874,911,004**	P 23,856,308,367	P 19,141,844,285
Adjustments for:				
Depreciation and amortization	12, 13, 14	**3,655,645,823**	3,480,324,608	3,279,686,211
Interest income	23	**(3,100,666,819)**	(2,540,479,012)	(2,143,200,870)
Interest expense	24	**3,050,238,241**	2,635,396,341	2,258,100,909
Unrealized foreign currency losses (gains) - net		**1,308,490,990**	(362,380,482)	2,366,023,638
Equity share in net losses of associates	11	**290,085,568**	65,412,001	155,429,591
Dividend income	23, 27	**(80,298,237)**	(36,495,750)	(21,420,750)
Impairment loss on goodwill	14	**77,347,633**	-	-
Gain on derecognition of finance lease receivables	6	**(16,600,000)**	-	-
Loss (gain) on sale of property and equipment	13	**(15,230,557)**	302,916	(66,002)
Employee share options	25	**10,337,382**	3,586,229	16,372,411
Loss on disposal of investment property	12	**-**	-	832,805
Operating profit before working capital changes		**32,054,261,028**	27,101,975,218	25,053,602,228
Increase in trade and other receivables		**(8,226,774,526)**	(5,401,855,155)	(6,012,370,613)
Decrease (increase) in contract assets		**(11,362,234,817)**	(6,101,526,557)	302,323,589
Increase in inventories		**(3,777,334,567)**	(9,543,970,288)	(6,982,569,520)
Decrease (increase) in advances to contractors and suppliers		**309,357,150**	745,135,492	(321,139,074)
Decrease (increase) in prepayments and other current assets		**221,556,579**	(3,850,451,340)	(742,381,075)
Increase in advances to landowners and joint operators		**(669,934,547)**	(264,003,801)	(737,837,585)
Decrease (increase) in other non-current assets		**(152,889,544)**	838,172,118	846,939,366
Increase in trade and other payables		**5,870,572,259**	2,123,214,966	1,239,593,735
Increase (decrease) in contract liabilities		**(627,840,277)**	(789,678,135)	842,725,722
Increase (decrease) in customers' deposits		**238,568,684**	1,143,914,083	(1,472,950,409)
Decrease in other liabilities		**(465,135,596)**	(173,959,904)	(1,649,159,285)
Cash generated from operations		**13,412,171,826**	5,826,966,697	10,366,777,079
Cash paid for income taxes		**(2,042,526,209)**	(1,625,121,992)	(2,636,045,057)
Net Cash From Operating Activities		**11,369,645,617**	4,201,844,705	7,730,732,022
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment properties	12	**(14,240,711,847)**	(10,857,268,275)	(12,115,399,233)
Financial assets at fair value through other comprehensive income	9	**(857,775,000)**	-	-
Property and equipment	13	**(541,305,194)**	(734,877,887)	(733,081,802)
Advances to associates and other related parties:	27			
Granted		**(1,548,728,342)**	-	(1,827,132,491)
Collected		**-**	112,550,636	-
Interest received		**2,366,978,118**	2,227,691,648	2,198,139,764
Proceeds from disposal of:				
Financial assets at fair value through other comprehensive income	9	**342,117,060**	-	-
Property and equipment	13	**44,849,212**	32,061,133	29,374,859
Dividends received		**91,718,707**	12,815,280	21,420,750
Acquisition and subscription of shares of stock of subsidiaries and associates		**-**	(659,964)	-
Net Cash Used in Investing Activities		**(14,342,857,286)**	(9,207,687,429)	(12,426,678,153)
Balance carried forward		**(P 2,973,211,669)**	(P 5,005,842,724)	(P 4,695,946,131)

	Notes	2024	2023	2022
Balance brought forward		**(P 2,973,211,669)**	(P 5,005,842,724)	(P 4,695,946,131)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of long and short-term liabilities	15, 36	**34,241,250,000**	35,645,523,000	10,522,520,857
Repayments of long and short-term liabilities	36	**(16,848,203,223)**	(13,836,564,027)	(12,451,825,598)
Repayments of bonds payable	36	**(12,000,000,000)**	(13,607,000,000)	-
Interest paid		**(6,117,969,545)**	(5,269,232,098)	(4,200,536,048)
Cash dividends paid	28	**(2,662,552,254)**	(2,058,559,594)	(1,911,107,946)
Proceeds from issuance of shares	28	**2,612,500,000**	-	1,773,053
Cash dividends declared and paid to non-controlling interest	1	**(1,567,004,536)**	(1,352,156,123)	(1,001,652,570)
Proceeds from sale of investment in subsidiary	28	**1,450,893,522**	3,565,448,820	-
Advances from other related parties:	27, 36			
Obtained		**353,260,008**	717,633,255	1,317,261,209
Paid		**(136,452,356)**	(1,597,199,347)	(2,433,986,742)
Repayments of lease liabilities	19, 36	**(46,186,820)**	(21,406,494)	(18,840,748)
Proceeds from reissuance of treasury shares	28	**-**	848,400,000	-
Acquisition of treasury shares	28	**-**	(668,595,880)	(916,099,229)
Redemption of preferred shares	18	**-**	-	(251,597,580)
Net Cash From (Used in) Financing Activities		**(720,465,204)**	2,366,291,512	(11,344,091,342)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,693,676,873)**	(2,639,551,212)	(16,040,037,473)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**25,115,017,234**	27,754,568,446	43,794,605,919
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 21,421,340,361**	P 25,115,017,234	P 27,754,568,446

Supplemental Information on Non-cash Investing and Financing Activities:

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

2) In 2024, the Group recognized right-of-use assets and lease liabilities amounting to P86.7 million (see Notes 13 and 19).

See Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

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

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

1.1 Composition of the Group

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

	Effective Percentage of Ownership		
Subsidiaries	**2024**	2023	2022
Prestige Hotels and Resorts, Inc. (PHRI)	**100%**	100%	100%
Richmonde Hotel Group International Ltd. (RHGI)	**100%**	100%	100%
Eastwood Cyber One Corporation (ECOC)	**100%**	100%	100%
Megaworld Cebu Properties, Inc. (MCP)	**100%**	100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)	**100%**	100%	100%
Megaworld Oceantown Properties, Inc. [formerly: Oceantown Properties, Inc.] (MOPI)	**100%**	100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)	**100%**	100%	100%
Arcovia Properties, Inc. (API)	**100%**	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2024	2023	2022
Megaworld Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	**100%**	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	**100%**	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	**100%**	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	**100%**	100%	100%
Streamwood Property, Inc. (SP)	(a)	**100%**	100%	100%
Global One Integrated Business Services,Inc.(GOIBSI)		**100%**	100%	100%
Luxury Global Malls, Inc. (LGMI)		**100%**	100%	100%
Davao Park District Holdings, Inc. (DPDHI)		**100%**	100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)	(g)	**100%**	100%	100%
Global One Hotel Group, Inc. (GOHGI)		**100%**	100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	**100%**	100%	100%
Megaworld San Vicente Coast, Inc. [formerly: San Vicente Coast, Inc.] (MSVCI)		**100%**	100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		**100%**	100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(g)	**100%**	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(g)	**100%**	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	**100%**	100%	100%
Agile Digital Ventures, Inc. (ADVI)		**100%**	100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	**100%**	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	**100%**	100%	100%
MREIT, Inc. (MREIT)	(f)	**63.44%**	55.63%	62.09%
Grand Westside Hotel, Inc. (GWHI)		**100%**	100%	-
Belmont Hotel Mactan, Inc. (BHMI)	(g)	**100%**	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		**91.55%**	91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	**76.55%**	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		**76.28%**	76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		**75%**	75%	75%
La Fuerza, Inc. (LFI)		**66.67%**	66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	**60%**	60%	60%
Northwin Properties, Inc. (NWPI)		**60%**	60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	**52.14%**	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	**68.03%**	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		**50%**	50%	50%
Integrated Town Management Corporation (ITMC)		**50%**	50%	50%
Maple Grove Land, Inc. (MGLI)		**50%**	50%	50%
Megaworld Land, Inc. (MLI)		**100%**	100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	**100%**	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	**100%**	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	**100%**	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	**100%**	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	**100%**	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	**100%**	100%	100%
Valley Peaks Property Management, Inc.(VPPMI)	(e)	**100%**	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	**100%**	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	**100%**	100%	100%
Cityfront Commercial Center Administration, Inc. (CCCAI)	(e)	**100%**	100%	100%
Westside Commercial Center Administration, Inc. (WCCAI)	(e, k)	**100%**	-	-

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership		
		2024	2023	2022
Suntrust Properties, Inc. (SPI)		**100%**	100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		**100%**	100%	100%
Governor's Hills Science School, Inc. (GHSSI)		**100%**	100%	100%
Sunrays Property Management, Inc. (SPMI)		**100%**	100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	**100%**	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	**100%**	100%	100%
Stateland, Inc. (STLI)	(h)	**98.41%**	98.41%	98.41%
Global-Estate Resorts, Inc. (GERI)	(m)	**82.51%**	82.32%	82.32%
Elite Communities Property Services, Inc. (ECPSI)	(n)	**82.51%**	82.32%	82.32%
Southwoods Mall, Inc. (SMI)	(n)	**91.19%**	91.09%	91.09%
Elite Club & Leisure Inc. (ECLI)	(n)	**82.51%**	82.32%	-
Integrated Resorts Property Management Inc.(IRPMI)	(n)	**82.51%**	82.32%	-
Megaworld Global-Estate, Inc. (MGEI)	(n)	**89.51%**	89.39%	89.39%
Twin Lakes Corporation (TLC)	(n)	**91.08%**	90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)	(n)	**91.08%**	90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)	(n)	**82.51%**	82.32%	82.32%
Aklan Holdings, Inc. (AHI)	(a, n)	**82.51%**	82.32%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a, n)	**82.51%**	82.32%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a, n)	**82.51%**	82.32%	82.32%
Fil-Power Construction Equipment Leasing Corp. (FPCELC)	(a, n)	**82.51%**	82.32%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a, n)	**82.51%**	82.32%	82.32%
La Compaña De Sta. Barbara, Inc. (LCSBI)	(n)	**82.51%**	82.32%	82.32%
MCX Corporation (MCX)	(a, n)	**82.51%**	82.32%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a, n)	**82.51%**	82.32%	82.32%
Prime Airways, Inc. (PAI)	(a, n)	**82.51%**	82.32%	82.32%
Sto. Domingo Place Development Corp. (SDPDC)	(n)	**82.51%**	82.32%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a, n)	**82.51%**	82.32%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a,n)	**65.18%**	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)	(n)	**45.38%**	45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)	(n)	**82.51%**	82.32%	82.32%
Golforce, Inc. (Golforce)	(n)	**82.51%**	82.32%	82.32%
Southwoods Ecocentrum Corp. (SWEC)	(n)	**49.50%**	49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a, n)	**49.50%**	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)	(n)	**82.51%**	82.32%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a, n)	**82.51%**	82.32%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a, n)	**82.51%**	82.32%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(n)	**82.51%**	82.32%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)	(n)	**82.51%**	82.32%	82.32%
Oceanfront Properties, Inc. (OFPI)	(n)	**41.22%**	41.13%	41.13%
Empire East Land Holdings, Inc. (EELHI)		**81.73%**	81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		**81.73%**	81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	**81.73%**	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	**81.73%**	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	**81.73%**	81.73%	81.73%
20th Century Nylon Shirt, Inc. (20th Century)	(a)	**81.73%**	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	**59.67%**	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	**49.04%**	49.04%	49.04%
Pacific Coast Mega City, Inc. (PCMI)	(j)	**58.53%**	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	**51%**	51%	51%
Townsquare Development, Inc. (TDI)		**30.60%**	30.60%	30.60%
Golden Panda-ATI Realty Corporation (GPARC)		**30.60%**	30.60%	30.60%

Associates	Explanatory Notes	Effective Percentage of Ownership		
		2024	2023	2022
Bonifacio West Development Corporation (BWDC)		**46.11%**	46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	**40%**	40%	40%
Suntrust Resort Holding, Inc. [formerly: Suntrust Home Developers, Inc.] (SUN)		**34%**	34%	34%
SWC Project Management Limited (SWCPML)		**34%**	34%	34%
WC Project Management Limited (WCPML)		**34%**	34%	34%
Suntrust WC Hotel Inc. (Suntrust WC)		**34%**	34%	34%
GERI				
Fil-Estate Network, Inc. (FENI)	(a)	**16.50%**	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	**16.50%**	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	**16.50%**	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	**16.50%**	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		**11.55%**	11.52%	11.52%

Explanatory Notes:

(a) These are entities which have not yet started commercial operations or are non-operating entities as at December 31, 2024.

(b) As at December 31, 2024, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.

(c) As at December 31, 2024, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.

(d) As at December 31, 2024, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGI.

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

(f) MFMI, MPMI and MREIT are newly incorporated subsidiaries in 2021. MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of an REIT, as provided under Republic Act (R.A.) No. 9856*, The Real Estate Investment Trust Act of 2009,* including its implementing rules and regulations, and other applicable laws. As of 2023, ownership is at 55.63%. In April and May 2024, the Parent Company disposed certain number of shares resulting in a decrease in ownership to 51.33%. Subsequently in November 2024, the Parent Company expanded its ownership in MREIT in 63.44% by acquiring additional common shares through property share swap.

(g) These were incorporated to engage in owning, leasing, operation and management of hotels.

(h) As at December 31, 2024, the effective ownership of Parent Company over STLI is 98.41%, consisting of 18.94% direct ownership and 79.47% indirect ownership through SPI.

(i) The ownership structure of this entity remains at 60% owned by the Parent Company after a decrease in capital in 2021.

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

(k) Newly incorporated subsidiary in 2024.

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

(m) In April 2024, the Parent Company acquired additional shares of GERI, increasing its ownership interest to 82.51%.

(n) Subsidiaries of GERI. As a result of the additional investments in GERI in 2024, the Parent Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI.

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

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

The Parent Company and its subsidiaries, except for entities which have not yet started commercial operations as at December 31, 2024, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations and marketing services and e-commerce.

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

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

1.2 Subsidiaries with Material Non-controlling Interest

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

Name	Interest and Voting Accumulated Rights Held by NCI			Subsidiary's Consolidated Profit Allocated to NCI			Accumulated Equity of NCI		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
GERI	**17.49%**	17.68%	17.68%	**P 381,303**	P 444,108	P 504,135	**P 6,893,581**	P 6,836,602	P 6,465,556
EELHI	**18.27%**	18.27%	18.27%	**51,510**	119,520	132,014	**11,173,183**	11,199,106	11,079,586
MCTI	**23.72%**	23.72%	23.72%	**105,275**	119,873	61,367	**1,608,254**	1,564,420	1,540,324
MREIT	**36.56%**	44.37%	37.91%	**1,184,680**	942,175	847,186	**2,912,533**	4,329,357	4,106,038
MBPHI	**31.97%**	31.97%	31.97%	**421,819**	241,170	358,251	**4,402,555**	3,979,512	3,738,342
LFI	**33.33%**	33.33%	33.33%	**59,677**	70,067	50,573	**1,261,818**	1,285,466	1,315,389
NWPI	**40.00%**	40.00%	40.00%	**403,362**	(118,125)	768	**2,821,239**	2,423,019	2,304,894

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

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2024					
GERI	**P 43,520,675,531**	**P 19,362,062,208**	**P 9,547,471,246**	**P 12,757,865,523**	**P 40,577,401,970**
EELHI	**42,808,668,889**	**6,555,567,009**	**15,169,618,380**	**2,863,546,331**	**31,331,071,187**
MCTI	**6,183,183,096**	**1,473,505,161**	**671,486,709**	**205,043,437**	**6,780,158,111**
MREIT	**2,878,691,457**	**69,153,511,894**	**1,489,968,913**	**8,149,535,257**	**62,392,699,181**
MBPHI	**23,007,375,092**	**1,144,208,440**	**9,166,743,717**	**3,093,880,592**	**11,890,959,223**
LFI	**335,683,539**	**861,745,264**	**287,029,563**	**56,784,108**	**853,615,132**
NWPI	**4,431,598,439**	**2,530,076,920**	**584,695,943**	**461,609,010**	**5,915,370,406**
December 31, 2023					
GERI	P 40,459,590,601	P 21,107,842,595	P 8,530,655,854	P 13,068,472,896	P 39,968,304,446
EELHI	43,263,011,730	6,276,810,211	15,120,472,622	3,025,040,329	31,394,308,990
MCTI	6,426,075,428	958,427,060	632,829,665	156,311,163	6,595,361,660
MREIT	2,261,749,722	59,189,370,284	1,187,901,989	8,124,659,098	52,138,558,919
MBPHI	21,064,534,374	1,795,986,214	8,122,965,525	4,169,846,245	10,567,708,818
LFI	480,394,071	835,814,337	329,085,827	66,508,985	920,613,596
NWPI	5,024,990,012	44,333,466	273,773,758	306,243,335	4,489,306,385

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

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2024			
GERI	**P 8,840,867,585**	**P 2,083,677,957**	**P 19,419,854**
EELHI	**4,971,889,273**	**701,376,611**	**(31,447,732)**
MCTI	**1,203,387,306**	**443,823,924**	**-**
MREIT	**4,598,219,598**	**857,220,705**	**-**
MBPHI	**5,353,963,078**	**1,319,421,021**	**-**
LFI	**405,733,351**	**179,047,435**	**-**
NWPI	**2,162,295,321**	**1,008,405,238**	**-**
2023			
GERI	P 8,389,466,594	P 2,113,325,233	(P 8,416,676)
EELHI	5,203,131,447	788,653,304	(154,029,551)
MCTI	989,243,868	509,841,059	-
MREIT	4,156,504,467	168,343,855	-
MBPHI	5,176,390,657	779,022,671	-
LFI	428,024,009	223,264,780	(517,752)
NWPI	430,737,444	293,266,702	-
2022			
GERI	P 7,330,290,215	P 2,086,560,251	P 38,918,313
EELHI	4,707,066,845	715,376,123	51,178,999
MCTI	581,200,403	254,239,433	-
MREIT	3,648,767,258	176,553,547	-
MBPHI	5,040,895,626	1,036,189,706	-
LFI	304,715,933	149,752,329	(356,140)
NWPI	17,899,291	(1,920,049)	-

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

	Net Cash From (Used in)		
	Operating Activity	Investing Activity	Financing Activity
2024			
GERI	**P 1,077,453,361**	**(P 752,327,984)**	**(P 156,003,789)**
EELHI	**(531,531,275)**	**19,480,065**	**(341,539,709)**
MCTI	**(785,647,556)**	**20,295,774**	**(251,751,146)**
MREIT	**3,309,086,299**	**-**	**(3,031,143,255)**
MBPHI	**(129,151,408)**	**(694,560,006)**	**962,445,334**
LFI	**215,397,200**	**(80,319,095)**	**(299,784,772)**
NWPI	**(803,253,957)**	**(887,536,654)**	**432,259,735**
2023			
GERI	P 243,620,711	(P 1,749,326,023)	(P 87,887,407)
EELHI	440,922,303	67,140,204	(228,380,011)
MCTI	(995,779,391)	187,254,202	-
MREIT	3,387,700,668	-	(3,089,314,682)
MBPHI	(4,606,227,279)	19,576,963	(4,712,660,638)
LFI	319,759,454	(5,906,351)	(299,784,772)
NWPI	(110,930,687)	(24,955)	785,051,956
2022			
GERI	P 243,620,711	(P 1,749,326,023)	(P 87,887,407)
EELHI	390,373,664	26,523,351	(368,526,330)
MCTI	(927,266,336)	81,454,652	1,051,104,773
MREIT	2,780,620,961	-	(2,733,900,508)
MBPHI	(2,700,064,579)	(244,043,362)	(367,097,567)
LFI	249,164,549	(153,471)	(199,512,547)
NWPI	285,260,510	(976,240)	1,575,478,709

The summarized dividend declarations paid to NCI are shown below.

		2024		2023
MREIT	**P**	**1,295,704,391**	P	1,083,319,430
GERI		**128,256,821**		22,006,572
LFI		**83,325,000**		99,990,000
MCTI		**59,715,371**		95,777,333
OPI		**-**		51,056,000
ECOC		**2,953**		6,788
	P	**1,567,004,536**	P	1,352,156,123

1.3 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 (including the comparative consolidated financial statements as at December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Group's BOD on February 24, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Prior to 2024, the Group's consolidated financial statements were prepared in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 Pandemic [see Note 2.1(b)]. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed and Adopted by the Group

In 2023 and prior years, the Group has availed of several financial reporting reliefs granted by the SEC relating to the number of implementation issues of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry under the Memorandum Circulars (MC) in the succeeding page.

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

In 2024, the Group adopted the previously deferred provisions of PFRS 15 and the related issuances of the Philippine Interpretations Committee, and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) using modified retrospective approach as allowed by SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision.*

The adoption of these standards and interpretations has resulted to adjustments to the amounts recognized in the consolidated financial statements as at January 1, 2024, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for the current period.

Discussed below and in the succeeding pages are the relevant information about these standards and interpretations, and the resulting adjustments to the relevant consolidated financial statements accounts as at January 1, 2024.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry

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

As a result of the adoption of the IFRIC Agenda Decision, Inventories decreased by P1,950.6 million and Deferred Tax Liabilities – net decreased by P487.6 million as at January 1, 2024.

(ii) PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

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

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

As a result of the adoption of this interpretation, Trade and Other Receivables – net as at January 1, 2024 increased by P20.5 million and Contract Assets decreased by P1,567.9 million. Further, Contract Liabilities decreased by P244.4 million.

The following table shows the summary of the impact of the adoption of IFRIC Agenda (PAS 23) and PIC Q&A No. 2018-12D on the Group's retained earnings as at January 1, 2024.

	Notes	**As previously reported**	**Restatement**	**As restated**
Total assets:				
Trade and other receivables – net	2.1b(ii)	P 64,684,680,752	P 20,475,839	P 64,075,156,591
Contract assets	2.1b(ii)	25,721,450,330	(1,567,893,026)	24,153,557,304
Inventories	2.1b(i)	134,493,092,091	(1,950,564,028)	132,542,528,063
			(3,497,981,215)	
Total liabilities:				
Contract liabilities	2.1b(ii)	(7,456,743,395)	244,408,736	(7,212,334,659)
Deferred tax liabilities – net	2.1b(i)	(14,587,512,527)	487,641,007	(14,099,871,520)
			732,049,743	
Impact on net assets			**(P 2,765,931,472)**	
Total equity:				
Attributable to the Company's shareholders		P 227,821,868,243	P (2,484,697,179)	P 225,337,171,064
Non-controlling interests		32,845,977,729	(281,234,293)	32,564,743,436
			(P 2,765,931,472)	

(c) *Presentation of Consolidated Financial Statements*

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

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

(d) *Functional and Presentation Currency*

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

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

2.2 Adoption of Amended PFRS Accounting Standards

(a) *Effective in 2024 that are Relevant to the Group*

The Group adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	:	Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements
PFRS 16 (Amendments)	:	Lease Liability in a Sale and Leaseback

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current.* The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 16 (Amendments), *Lease Liability in a Sale and Leaseback*. The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2024 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have a significant impact on the Group's consolidated financial statements:

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

(ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iv) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

(v) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

2.3 Basis of Consolidation

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

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

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

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

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

Acquired investment in associate is subject to the purchase method.

2.4 Foreign Currency Transactions and Translation

(a) Transactions and Balances

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

(b) Translation of Financial Statements of Foreign Subsidiaries

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

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

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

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

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

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

2.5 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

Financial Assets at Amortized Cost

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial Assets at Fair Value Through Profit or Loss

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

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

(ii) *Impairment of Financial Assets*

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

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

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

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

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(b) *Financial Liabilities*

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

2.6 Inventories

Cost of inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; and, related property development costs.

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

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

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

2.7 Property and Equipment

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

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

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

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

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

2.8 Investment Properties

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

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

2.9 Revenue and Expense Recognition

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

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed.

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

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

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

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

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

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

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

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

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

In determining the transaction price of real estate sales, the Group adjusts the contract price for the effects of time value of money when the timing of payments agreed to with the customer provides either party with a significant benefit of financing the transfer of goods or services to the customer. In buyer financing arrangements where buyer payments are ahead of the development of the sold property, the Group recognizes interest expense which is presented as part of Interest and Other Charges in the consolidated statement of income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Company recognizes interest income which is presented as part of Interest and Other Income in the consolidated statement of income.

The Group applies the practical expedient under PFRS 15 where the promised amount of consideration is no longer adjusted for the effects of significant financing component when the Group expects, at contract inception, that the period between when the Group transfers the promised good or service to a customer and when the customer pays for such good or service will be one year or less. The significant judgment used in determining the existence of significant financing component in the contract is disclosed in Note 3.1(d).

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

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

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

2.10 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

The Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

(b) Group as Lessor

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

2.11 Impairment of Non-financial Assets

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

2.12 Employee Benefits

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

The Group's post-employment defined benefit pension plans covers all regular full-time employees. The pension plans are tax-qualified, noncontributory and administered by trustees. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determining Existence of a Contract with Customer

In a sale of real estate property, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by the customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether the collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(d)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

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

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

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

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

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

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

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

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

(ii) Hotel Operations

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

(iii) Food and Beverages, and Others

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

(iv) Forfeited Collections and Deposits

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

(v) Property Management Services

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

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

(d) Estimation of Collection Threshold for Revenue Recognition

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

(e) Determination of the Existence of Significant Financing Component in the Contract

The Group enters into real estate sales contracts offering various payment schemes to its customers. The timing of transaction price collection can significantly differ from the timing of the Group's fulfillment of its performance obligations. The Group exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Group or its customers. This assessment is conducted at the inception of the contract, considering the contractual payment terms and the projected completion timeline of the related real estate development.

(f) Determination of ECL on Trade and Other Receivables and Contract Assets

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

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

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

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

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

(h) Distinction Between Inventories and Investment Properties

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

(i) Distinction Between Investments in Financial Instruments and Inventories

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

(j) Distinction Between Asset Acquisition and Business Combinations

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

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

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

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

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

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

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

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

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

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

The rent concessions granted by the Group amounted to P1.4 billion in 2022 (nil in 2024 and 2023).

(o) Share-based Employee Remuneration

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

(p) Recognition of Provisions and Contingencies

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

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

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

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

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

A significant change in estimated total development costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Determination of Appropriate Discount Rate in Measuring Significant Financing Component

In the sale of real estate properties, the transaction price is recognized at the present value of the installment payments discounted to the date the entity expects to satisfy its performance obligation.

When adjusting the consideration for significant financing component, an entity shall use the discount rate that would be reflected in a separate financing transaction at contract inception. Management considers the discount rate which would reflect the credit characteristics of the party receiving financing in the contract as well as any collateral or security provided by the customer or entity. Specifically, for contracts classified as ‘seller financing’ the Group bases its lending rate on the rate extended to buyers who utilize its in-house financing. This lending rate is adjusted to reflect the specific circumstances of each financing transaction. For contracts classified as ‘buyer financing’, the Group estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Group is considered the borrower

(c) Estimation of Allowance for ECL

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

(d) *Determination of Net Realizable Value of Inventories*

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

(e) *Fair Value of Share Options*

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

The fair value of share options recognized as part of Salaries and employee benefits in 2024, 2023 and 2022 is presented in Note 25.2.

(f) *Fair Value Measurement of Investment Properties*

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

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

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

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

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

In addition, estimation of the useful lives of investment properties and property and equipment are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

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

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

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

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

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

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

(j) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2024 and 2023 will be utilized in the succeeding years. The carrying amount of the net deferred tax assets as at December 31, 2024 and 2023 is disclosed in Note 26.

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

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become evident. In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows.

Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the amount of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Aside from the impairment on the Group's goodwill in 2024, there are no other impairment losses on other non-financial assets required to be recognized in 2024, 2023 and 2022 based on management's assessment (see Note 14).

(l) Valuation of Retirement Obligation

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

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

(m) Business Combinations

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

4. SEGMENT INFORMATION

4.1 Business Segments

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

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

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

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

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

4.2 Segment Assets and Liabilities

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

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The tables presented below and in the succeeding page present revenue and profit information regarding industry segments for the years ended December 31, 2024, 2023 and 2022 and certain assets and liabilities information regarding segments as at December 31, 2024 and 2023.

	2024			
	Sale of Goods	**Sale of Services**		
	Real Estate	**Rental**	**Hotel Operations**	**Total**
TOTAL REVENUES				
Sales to external customers	P 50,988,478,086	P 19,678,069,599	P 5,107,047,400	P 75,773,595,085
Intersegment sales	-	1,354,506,683	-	1,354,506,683
	50,988,478,086	21,032,576,282	5,107,047,400	77,128,101,768
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services and operating expenses excluding depreciation and amortization	34,765,504,116	2,548,550,513	4,359,608,601	41,673,663,230
Depreciation and amortization	324,662,154	2,971,079,941	192,595,682	3,488,337,777
	35,090,166,270	5,519,630,454	4,552,204,283	45,162,001,007
SEGMENT OPERATING PROFITS	**P 15,898,311,816**	**P 15,521,945,828**	**P 554,843,117**	**P 31,966,100,761**
ASSETS AND LIABILITIES				
Segment assets	**P 287,134,583,427**	**P 154,993,635,808**	**P 6,984,442,041**	**P 449,112,661,276**
Segment liabilities	**P 117,765,360,758**	**P 67,131,164,809**	**P 2,113,631,188**	**P 187,010,156,755**

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

	2022							
	Sale of Goods		Sale of Services					
	Real Estate		Rental		Hotel Operations		Total	
TOTAL REVENUES								
Sales to external customers	P	36,849,992,605	P	15,653,727,970	P	2,603,709,878	P	55,107,430,453
Interest income on real estate sales		799,056,815		-		-		799,056,815
Intersegment sales		-		532,327,818		-		532,327,818
		37,649,049,420		16,186,055,788		2,603,709,878		56,438,815,086
COSTS AND OTHER OPERATING EXPENSES								
Costs of sales and services and operating expenses, excluding depreciation and amortization		25,712,626,517		1,856,763,898		2,101,359,090		29,670,749,505
Depreciation and amortization		258,051,817		2,731,898,812		144,072,673		3,134,023,302
		25,970,678,334		4,588,662,710		2,245,431,763		32,804,772,807
SEGMENT OPERATING PROFITS	P	11,678,371,086	P	11,597,393,078	P	358,278,115	P	23,634,042,279
ASSETS AND LIABILITIES								
Segment assets	P	249,662,958,994	P	136,205,789,990	P	5,859,552,165	P	391,728,301,149
Segment liabilities	P	112,314,538,777	P	48,232,117,701	P	1,569,242,763	P	162,115,899,242

The total project and capital expenditures amounted to P50.8 billion, P50.0 billion and P45.9 billion in 2024, 2023 and 2022, respectively.

4.5 Reconciliations

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

	2024	2023	2022
Revenues			
Total segment revenues	**P 77,128,101,768**	P 66,200,953,041	P 56,438,815,086
Unallocated interest and other income	**5,913,737,481**	4,215,596,285	3,620,769,383
Elimination of intersegment sales	**(1,354,506,683)**	(688,393,835)	(532,327,818)
Revenues as reported in profit or loss	**P 81,687,332,566**	P 69,728,155,491	P 59,527,256,651
Profit or loss			
Segment operating profit	**P 31,966,100,761**	P 27,718,847,781	P 23,634,042,279
Unallocated interest and other income	**5,913,737,481**	4,215,596,285	3,620,769,383
Unallocated interest and other charges	**(6,340,531,092)**	(5,056,713,054)	(5,628,116,793)
Equity share in net losses	**(290,085,568)**	(65,412,001)	(155,429,591)
Other unallocated expenses	**(4,374,310,578)**	(2,956,010,644)	(2,329,420,993)
Profit before tax as reported in profit or loss	**P 26,874,911,004**	P 23,856,308,367	P 19,141,844,285

	2024	2023
Assets		
Segment assets	**P 449,112,661,276**	P 422,165,955,992
Investments in associates	**2,813,484,851**	3,069,422,324
Financial assets at fair value through other comprehensive income	**5,411,250,309**	5,390,622,368
Advances to other related parties	**7,815,436,402**	6,266,708,060
Other unallocated assets	**4,484,007,100**	3,680,009,429
Total assets reported in the consolidated statements of financial position	**P 469,636,839,938**	P 440,572,718,173
Liabilities		
Segment liabilities	**P 187,010,156,755**	P 175,334,634,287
Advances from other related parties	**1,463,852,566**	1,247,044,914
Other unallocated liabilities	**2,427,740,191**	3,323,193,000
Total liabilities reported in the consolidated statements of financial position	**P 190,901,749,512**	P 179,904,872,201

5. CASH AND CASH EQUIVALENTS

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

	2024	2023
Cash on hand and in banks	**P 11,480,750,706**	P 9,386,227,441
Short-term placements	**9,940,589,655**	15,728,789,793
	P 21,421,340,361	P 25,115,017,234

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods between 30 to 60 days and earn effective interest ranging from 0.50% to 6.25% in 2024 and 2023, and 0.50% to 5.70% in 2022 (see Note 23).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2024	2023
Current:			
Trade	15.3(g), 27.1	**P 28,610,399,856**	P 24,672,722,893
Allowance for impairment		**(697,949,941)**	(708,270,478)
		27,912,449,915	23,964,452,415
Advances to associates and other related parties	27.2	**7,815,436,402**	6,266,708,060
Others		**5,569,876,122**	5,695,361,868
Balance carried forward		**P 41,297,762,439**	P 35,926,522,343

	Notes	2024	2023
Balance brought forward		**P 41,297,762,439**	P 35,926,522,343
Non-current:			
Trade	15.3(g)	**27,904,899,573**	23,640,010,441
Allowance for impairment		**(12,224,936)**	(12,224,936)
		27,892,674,637	23,627,785,505
Others	27.1	**5,368,930,798**	5,130,372,904
		33,261,605,435	28,758,158,409
		P 74,559,367,874	P 64,684,480,752

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

The installment period of sales contracts averages one to five years. Noninterest-bearing trade receivables from real estate sales with maturity of more than one year after the end of the reporting period are assessed for existence of a significant financing component. Interest income recognized amounted to P1,036.2 million, P1,129.9 million and P799.0 million in 2024, 2023 and 2022, respectively. These amounts are presented as part of Interest income from significant financing component under Real Estate Sales account in the 2024 consolidated statement of income and as part of Interest income under Interest and Other Income – net account in the 2023 and 2022 consolidated statements of income (see Notes 20 and 23).

Others include finance lease receivables arising from sublease transaction entered by the Group. As at December 31, 2023, the current and non-current portion of the finance lease receivables amounted to P2.0 million and P315.1 million, respectively. The Group derecognized its finance lease receivables in 2024, resulting in a recognition of gain amounting to P16.6 million, which is presented as part of Miscellaneous – net under Interest and Other Income – net in the 2024 consolidated statement of income (see Note 23). Other current receivables include certain advances to condominium associations and other counterparties within the ordinary course of business, which are expected to be realized within 12 months from the end of the reporting periods.

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

A reconciliation of the allowance for impairment losses on trade receivables at the beginning and end of 2024 and 2023 is shown below.

	Current	Non-current	Total
December 31, 2024:			
Balance at beginning of year	**P 708,270,478**	**P 12,224,936**	**P 720,495,414**
Impairment loss	**45,211,742**	**-**	**45,211,742**
Reversal of impairment	**(55,532,279)**	**-**	**(55,532,279)**
Balance at end of year	**P 697,949,941**	**P 12,224,936**	**P 710,174,877**
December 31, 2023:			
Balance at beginning of year	P 749,340,938	P 12,224,936	P 761,565,874
Reversal of impairment	(41,070,460)	-	(41,070,460)
Balance at end of year	P 708,270,478	P 12,224,936	P 720,495,414

Certain past due rent receivables presented as part of Trade receivables were found to be impaired using the provisional matrix as determined by management; hence, credit loss of P45.2 million was recognized in 2024 (see Note 24). In 2024 and 2023, based on management's reassessment of recoverability of receivables, the Group reversed a portion of allowance for impairment amounting to P55.5 million and P41.1 million, respectively. The resulting gain on reversal is presented as part of Miscellaneous – net under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

7. INVENTORIES

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

	2024	2023
Residential and condominium units	**P 109,633,318,651**	P 109,694,023,497
Raw land inventory	**12,212,744,073**	12,396,943,363
Property development costs	**11,074,601,834**	9,480,158,869
Golf and resort shares	**2,941,186,961**	2,921,966,362
	P 135,861,851,519	P 134,493,092,091

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

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

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

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

Prior to the adoption of the IFRS Agenda Decision on PAS 23, borrowing costs capitalized in 2023 as part of inventories amounted to P541.4 million (nil in 2024), which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund its construction projects [see Notes 2.1(b)(i), 15 and 16].

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

Based on management's assessment, there is no allowance for inventory write-down is required to be recognized in 2024, 2023 and 2022; hence, inventories are recorded at cost as at December 31, 2024 and 2023.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	Notes	**2024**	2023
Creditable withholding taxes		**P 4,440,640,711**	P 4,277,169,503
Input VAT		**4,230,465,083**	4,248,890,893
Deferred commission	20.3	**1,969,038,939**	2,086,771,425
Prepaid rent and other prepayments		**1,930,408,116**	1,934,512,986
Derivative asset	30	**359,238,652**	62,038,593
Deposits		**163,920,937**	446,777,052
Others		**389,686,636**	524,236,525
		P 13,483,399,074	P 13,580,396,977

Others include supplies and food and beverage inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	Notes	**2024**	2023
Equity securities:			
Quoted	34.2	**P 2,180,760,059**	P 3,123,647,415
Unquoted		**3,230,490,250**	2,266,974,953
	27.4	**P 5,411,250,309**	P 5,390,622,368

The Group's securities are investments from local entities.

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

	2024	2023
Balance at beginning of year	**P 5,390,622,368**	P 5,253,799,848
Addition	**857,775,000**	-
Translation adjustments	**54,642,854**	35,341,658
Disposal	**(355,519,584)**	-
Fair value gains (losses)	**(536,270,329)**	101,480,862
Balance at end of year	**P 5,411,250,309**	P 5,390,622,368

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

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

In 2024, 2023 and 2022, the Group received cash dividends amounting to P80.3 million, P36.5 million and P21.4 million, respectively. The amount of dividends received is presented as Dividend income under Interest and Other Income – net account in the consolidated statements of income (see Note 23).

10. ADVANCES TO/FROM LANDOWNERS AND JOINT OPERATORS

10.1 Advances to Landowners and Joint Operators

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

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

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

As at December 31, 2024 and 2023, management has assessed that the advances to joint operations are fully recoverable. Further, there has been no outstanding commitment for cash advances under the joint agreements.

The net commitment for construction expenditures amounts to:

	2024	2023
Total commitment for construction expenditures	**P 64,488,899,160**	P 63,640,179,854
Total expenditures incurred	**(34,270,561,027)**	(33,633,489,683)
Net commitment	**P 30,218,338,133**	P 30,006,690,171

The Group's interests in jointly-controlled operations and projects range from 57% to 90% in both 2024 and 2023. The listing of the Group's jointly-controlled projects are as follows:
Parent Company:

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

GERI:
- Alabang West
- Caliraya Spring
- Eastland Heights [formerly: Forest Hills]
- Kingsborough
- Monte Cielo de Peñafrancia
- Mountain Meadows
- Newport Hills
- Pahara at Southwoods
- Sta. Barbara Heights Phase 2 & 3
- The Hamptons Haliraya
- Sta. Barbara Heights Shophouse District

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

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

The aggregate amounts of the current assets, long-term assets, current liabilities, long-term liabilities as at December 31, 2024 and 2023, and income and expenses for years ended December 31, 2024, 2023 and 2022 related to the Group's interests in joint arrangements are not presented or disclosed in the consolidated financial statements as the joint arrangements in which the Group is involved are not joint ventures.

As at December 31, 2024 and 2023, the Group either has no other contingent liabilities with regard to these joint operations or has assessed that the probability of loss that may arise from contingent liabilities is remote.

10.2 Advances from Joint Operators

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

The advances from golf share partners and lot owners recognized in 2024 and 2023 amounted to P277.2 million and P250.5 million, respectively, is presented as part of Advances from Other Related Parties account in the consolidated statements of financial position (see Note 27.3).

11. INVESTMENTS IN ASSOCIATES

11.1 Breakdown of Carrying Values

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

		2024		2023
Acquisition costs:				
SUN	**P**	**2,619,800,008**	P	2,619,800,008
NPI		**734,396,528**		734,396,528
BWDC		**199,212,026**		199,212,026
PTHDC		**64,665,000**		64,665,000
		3,618,073,562		3,618,073,562
Accumulated equity in net losses:				
Balance at beginning of year		**(620,561,549)**		(555,149,548)
Equity share in net losses of associates for the year		**(290,085,568)**		(65,412,001)
Balance at end of year		**(910,647,117)**		(620,561,549)
Accumulated equity in other comprehensive income:				
Balance at beginning of year		**71,910,311**		75,259,188
Share in other comprehensive income (loss) of associates		**34,148,095**		(3,348,877)
Balance at end of year		**106,058,406**		71,910,311
	P	**2,813,484,851**	P	3,069,422,324

The shares of stock of SUN are listed in the PSE which closed at P0.85 and P0.80 per share as at December 31, 2024 and 2023, respectively. The fair values of all other investments in associates are not available as at December 31, 2024 and 2023. The related book values of the Group's holdings in all of the associates exceed or approximate their carrying values; hence, management deemed that the recognition of impairment loss is not necessary.

Investment in SUN

In October 2019, the Parent Company acquired additional 115.0 million shares of SUN at market price, totaling P100.1 million. Subsequently, the Group disposed of a certain number of shares. In December 2019, the Parent Company subscribed to additional P2,177 million shares from SUN at P1.00 par value. The Parent Company paid P1.25 billion out of the P2.20 billion additional subscribed capital, the unpaid portion is presented as Subscription payable. In 2023, the Parent Company paid its subscription payable to SUN in full.

11.2 Summarized Financial Information

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

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2024					
SUN	P 6,385,174,528	P 47,826,261,217	P 1,856,568,754	P 43,796,905,713	P 8,557,961,278
NPI	2,832,943	5,594,585,843	1,248,174,811	-	4,349,243,975
BWDC	369,028,633	2,626,876,387	704,521,319	125,280,185	2,166,103,516
PTHDC	1,135,021,745	-	1,010,865,348	-	124,156,397
	P 7,892,057,489	**P 56,047,723,447**	**P 4,820,130,232**	**P 43,922,185,898**	**P 15,197,465,166**
December 31, 2023					
SUN	P 7,642,889,468	P 37,572,385,833	P 2,037,311,231	P 33,636,653,715	P 9,541,310,355
NPI	2,605,644	5,595,584,398	1,243,127,835	-	4,355,062,207
BWDC	777,488,167	2,116,168,144	834,439,227	64,984,224	1,994,232,860
PTHDC	1,135,127,795	60,591	1,010,586,772	-	124,601,614
	P 9,558,111,074	P 45,284,198,966	P 5,125,465,065	P 33,701,637,939	P 16,015,207,036

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2024			
SUN	P 1,433,726	(P 1,083,784,645)	(P 100,435,570)
NPI	104	(5,194,765)	-
BWDC	244,007,040	171,870,656	-
PTHDC	17,692	(348,626)	-
	P 245,458,562	**(P 917,457,380)**	**(P 100,435,570)**
2023			
SUN	P 99,759	(P 348,051,058)	(P 13,132,855)
NPI	473	(3,263,442)	-
BWDC	211,774,598	116,865,673	-
PTHDC	16,461	(168,602)	-
	P 211,891,291	(P 234,617,429)	(P 13,132,855)
2022			
SUN	P 13,196	(P 557,052,537)	P 24,071,676
NPI	-	-	-
BWDC	150,838,321	73,823,084	-
PTHDC	5,978	(178,880)	-
	P 150,857,495	(P 483,408,333)	P 24,071,676

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

	SUN	BWDC	NPI	PTHDC	Total
2024					
Net asset at end of year	P 8,557,961,278	P 2,166,103,516	P 4,349,243,975	P 124,156,397	P 15,197,465,166
Equity ownership interest	34%	46%	12%	40%	
	2,909,706,835	998,790,332	501,032,906	49,662,559	4,459,192,632
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	(1,905,473,167)	(87,305,678)	-	-	(1,992,778,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	(38,266,834)	-	-	(510,393,202)
Total carrying amount	**P 1,131,685,004**	**P 886,083,013**	**P 731,412,073**	**P 64,304,761**	**P 2,813,484,851**

	SUN	BWDC	NPI	PTHDC	Total
2023					
Net asset at end of year	P 9,541,310,355	P 1,994,232,860	P 4,355,062,207	P 124,601,614	P 16,015,207,036
Equity ownership interest	34%	46%	12%	40%	
	3,244,045,521	919,540,772	501,703,166	49,840,646	4,715,130,105
Notional goodwill	140,685,524	12,865,193	230,379,167	14,642,202	398,572,086
Share in bond option reserves	(1,905,493,167)	(87,305,678)	-	-	(1,992,798,845)
Dilution of shares due to change in percentage ownership	458,892,180	-	-	-	458,892,180
Other reconciling items	(472,126,368)	(38,266,834)	-	-	(510,393,202)
Total carrying amount	P 1,466,003,690	P 806,833,453	P 732,082,333	P 64,482,848	P 3,069,402,324

12. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2024 and 2023 are shown below.

	Land	Buildings	Total
December 31, 2024			
Cost	P 33,742,927,748	P 139,396,159,763	P 173,139,087,511
Accumulated depreciation	-	(26,255,895,614)	(26,255,895,614)
Net carrying amount	**P 33,742,927,748**	**P 113,140,264,149**	**P 146,883,191,897**
December 31, 2023			
Cost	P 29,983,203,130	P 128,457,161,423	P 158,440,364,553
Accumulated depreciation	-	(23,284,815,673)	(23,284,815,673)
Net carrying amount	P 29,983,203,130	P 105,172,345,750	P 135,155,548,880
January 1, 2023			
Cost	P 29,987,225,960	P 118,552,303,984	P 148,539,529,944
Accumulated depreciation	-	(20,437,685,406)	(20,437,685,406)
Net carrying amount	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538

A reconciliation of the carrying amounts at the beginning and end of 2024, 2023 and 2022 of investment properties is shown below.

	Land	Buildings	Total
Balance at January 1, 2024 net of accumulated depreciation	P 29,983,203,130	P 105,172,345,750	P 135,155,548,880
Additions	3,388,262,579	10,852,449,268	14,240,711,847
Transfer from inventories	371,462,039	86,549,072	458,011,111
Depreciation charges for the year	-	(2,971,079,941)	(2,971,079,941)
Balance at December 31, 2024, net of accumulated depreciation	**P 33,742,927,748**	**P 113,140,264,149**	**P 146,883,191,897**
Balance at January 1, 2023, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538
Additions	497,371,630	10,359,896,645	10,857,268,275
Transfer to inventories	(501,394,460)	(455,039,206)	(956,433,666)
Depreciation charges for the year	-	(2,847,130,267)	(2,847,130,267)
Balance at December 31, 2023, net of accumulated depreciation	P 29,983,203,130	P 105,172,345,750	P 135,155,548,880
Balance at January 1, 2022, net of accumulated depreciation	P 27,587,597,724	P 91,634,651,223	P 119,222,248,947
Additions	2,400,461,041	9,714,938,191	12,115,399,232
Transfer to property and equipment	-	(503,072,024)	(503,072,024)
Disposal	(832,805)	-	(832,805)
Depreciation charges for the year	-	(2,731,898,812)	(2,731,898,812)
Balance at December 31, 2022, net of accumulated depreciation	P 29,987,225,960	P 98,114,618,578	P 128,101,844,538

Rental income earned from these properties arising from the Group's operating leases amounted to P19,678.1 million, P17,845.5 million and P15,653.7 million in 2024, 2023 and 2022, respectively, and is shown as Rental Income in the consolidated statements of income. There is no rental income arising from finance lease in 2024, 2023 and 2022. The direct operating costs, exclusive of depreciation incurred by the Group relating to these investment properties amounted to P1,105.2 million in 2024, P1,016.2 million in 2023, and P937.0 million in 2022. On the other hand, the direct operating costs, which mostly pertain to real property taxes, of investment properties that did not generate rental income in 2024, 2023 and 2022 amounted to P33.4 million, P28.2 million, and P32.6 million, respectively. The operating lease commitments of the Group as a lessor are fully disclosed in Note 31.1. Variable lease pertains to rental payments based on percentage of sales of the lessee's business operations.

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

	2024	2023	2022
Fixed	**P 18,605,147,474**	P 17,025,278,807	P 15,183,208,932
Variable	**1,072,922,125**	829,187,241	470,519,038
	P 19,678,069,599	P 17,854,466,048	P 15,653,727,970

Borrowing costs that are capitalized as part of investment properties amounted to P3,346.4 million, P2,421.6 million, and P1,383.3 million in 2024, 2023, and 2022, respectively, which represent the interest costs incurred on the general and specific borrowings obtained by the Group to fund their construction projects (see Notes 15 and 16).

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

The fair market values of the properties that generated rental income in 2024 and 2023 are P484.5 billion and P481.5 billion as at December 31, 2024 and 2023, respectively, while the fair market value of idle land is P52.6 billion and P55.5 billion as at December 31, 2024 and 2023, respectively. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 34.4.

As at December 31, 2024 and 2023, the Group does not have any contractual commitments for acquisition of investment properties.

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

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2024 and 2023 are shown below.

	Buildings & Improvement	Furniture, Fixtures, and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
December 31, 2024							
Cost	P 8,651,213,854	P 2,533,033,523	P 670,817,447	P 762,803,366	P 245,672,573	P 573,523,591	P 13,437,064,354
Accumulated depreciation and amortization	(2,662,466,196)	(2,025,209,147)	(540,112,855)	(627,474,827)	-	(387,789,707)	(6,243,052,732)
Net carrying amount	**P 5,988,747,658**	**P 507,824,376**	**P 130,704,592**	**P 135,328,539**	**P 245,672,573**	**P 185,733,884**	**P 7,194,011,622**
December 31, 2023							
Cost	P 8,511,950,486	P 2,352,636,135	P 574,301,053	P 667,293,977	P 245,672,573	P 486,793,141	P 12,838,647,365
Accumulated depreciation and amortization	(2,390,453,076)	(1,775,114,346)	(472,681,812)	(599,479,075)	-	(327,723,758)	(5,565,452,067)
Net carrying amount	P 6,121,497,410	P 577,521,789	P 101,619,241	P 67,814,902	P 245,672,573	P 159,069,383	P 7,273,195,298
January 1, 2023							
Cost	P 8,124,859,537	P 2,102,841,166	P 550,897,630	P 625,069,481	P 245,672,573	P 486,793,141	P 12,136,133,528
Accumulated depreciation and amortization	(2,081,008,650)	(1,580,869,769)	(405,958,248)	(570,229,582)	-	(301,156,695)	(4,939,222,944)
Net carrying amount	P 6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584

A reconciliation of the carrying amounts at the beginning and end of 2024, 2023 and 2022, of property and equipment is shown below.

	Buildings & Improvement	Furniture, Fixtures, and Equipment	Office Improvements	Transportation Equipment	Land	Right-of-use Assets	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 6,121,497,410	P 577,521,789	P 101,619,241	P 67,814,902	P 245,672,573	P 159,069,383	P 7,273,195,298
Additions	139,263,368	193,377,849	96,516,394	112,147,583	-	86,730,450	628,035,644
Disposals	-	(12,980,461)	-	(16,638,194)	-	-	(29,618,655)
Depreciation charges for the year	(272,013,120)	(250,094,801)	(67,431,043)	(27,995,752)	-	(60,065,949)	(677,600,665)
Balance at December 31, 2024, net of accumulated depreciation	**P 5,988,747,658**	**P 507,824,376**	**P 130,704,592**	**P 135,328,539**	**P 245,672,573**	**P 185,733,884**	**P 7,194,011,622**
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584
Additions	387,090,949	278,118,891	27,064,086	42,603,961	-	-	734,877,887
Disposals	-	(28,323,922)	(3,660,663)	(379,464)	-	-	(32,364,049)
Depreciation charges for the year	(309,444,426)	(194,244,577)	(66,723,564)	(29,249,494)	-	(26,567,063)	(626,229,124)
Balance at December 31, 2023, net of accumulated depreciation	P 6,121,497,410	P 577,521,789	P 101,619,241	P 67,814,902	P 245,672,573	P 159,069,383	P 7,273,195,298
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 5,552,167,161	P 367,528,201	P 106,470,135	P 46,829,430	P 245,672,573	P 212,220,296	P 6,530,887,796
Additions	239,117,618	351,338,233	86,571,155	56,054,796	-	-	733,081,802
Transfers from Investment Property	503,072,024	-	-	-	-	-	503,072,024
Disposals	-	(20,992,459)	(1,000,487)	(7,315,911)	-	-	(29,308,857)
Depreciation charges for the year	(250,505,916)	(175,902,578)	(47,101,421)	(40,728,416)	-	(26,583,850)	(540,822,181)
Balance at December 31, 2022, net of accumulated depreciation	P 6,043,850,887	P 521,971,397	P 144,939,382	P 54,839,899	P 245,672,573	P 185,636,446	P 7,196,910,584

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

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

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2024					
Offices	**7**	**1 – 12 years**	**2 years**	**3**	**1**
Commercial lot	**4**	**1 – 24 years**	**14 years**	**2**	**1**
2023					
Offices	6	1 – 12 years	3 years	3	1
Commercial lot	4	1 – 24 years	15 years	2	1

The breakdown of the Group's right-of-use assets as at December 31, 2024 and 2023 and the movements during the years are shown below.

	Offices	Commercial Lot	Total
Balance at January 1, 2024	P 4,474,726	P 154,594,657	P 159,069,383
Additions	86,730,450	-	86,730,450
Depreciation and amortization	(37,025,529)	(23,040,420)	(60,065,949)
Balance at December 31, 2024	**P 54,179,647**	**P 131,554,237**	**P 185,733,884**
Balance at January 1, 2023	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

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