SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended

   Dec 31, 2024

2. SEC Identification Number

   AS094-006430

3. BIR Tax Identification No.

   003-942-108

4. Exact name of issuer as specified in its charter

   EMPIRE EAST LAND HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City, Philippines

   Postal Code

   1604

8. Issuer's telephone number, including area code

   (632) 85544800

9. Former name or former address, and former fiscal year, 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	14,676,199,167

11. Are any or all of registrant's securities listed on a Stock Exchange?

   ☑ Yes ☐ No

   If yes, state the name of such stock exchange and the classes of securities listed therein:

   Philippine Stock Exchange - Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☑ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☑ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

As of 31 March 2025 is 276,465,416.79 based on the closing price of 0.114 per share.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Empire East Land Holdings, Inc.
ELI

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2024
Currency	Philippine Pesos

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Current Assets	42,869,618,908	43,300,088,527
Total Assets	49,425,185,917	49,499,134,295
Current Liabilities	15,229,768,391	15,099,844,128
Total Liabilities	18,093,314,722	18,135,538,037
Retained Earnings/(Deficit)	9,577,871,830	9,314,581,026
Stockholders' Equity	31,331,871,195	31,363,596,258
Stockholders' Equity - Parent	28,554,439,157	28,579,324,085
Book Value Per Share	1.95	1.95

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Gross Revenue	4,036,736,489	4,615,566,372
Gross Expense	3,570,845,023	3,834,098,746
Non-Operating Income	914,057,249	587,565,075
Non-Operating Expense	491,862,711	391,092,973
Income/(Loss) Before Tax	888,086,004	977,939,728
Income Tax Expense	207,804,930	219,999,156
Net Income/(Loss) After Tax	680,281,074	757,940,572

Net Income/(Loss) Attributable to Parent Equity Holder	687,121,209	765,784,371
Earnings/(Loss) Per Share (Basic)	0.04	0.05
Earnings/(Loss) Per Share (Diluted)	0.04	0.05

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2024	Dec 31, 2023
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.81	2.87
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.96	1.06
; ; Solvency Ratio	**Total Assets / Total Liabilities**	2.73	2.73
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.37	0.37
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.58	0.58
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	2.85	3.52
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.58	1.58
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.37	0.38
; ; Net Profit Margin	**Net Profit / Sales**	0.21	0.19
; ; Return on Assets	**Net Income / Total Assets**	0.01	0.02
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	0.02	0.02
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	2.56	2.49

Other Relevant Information
None

Filed on behalf by:

Name	Krizelle Marie Poblacion
Designation	Legal Counsel

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   P. Antonio St., Barangay Ugong
   Pasig City, 1604
   Address of principal office

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Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

10. Are any or all of these securities listed on a Stock Exchange?

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

11. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [x] No [ ]

12. Aggregate Market Value of Voting Stock held by Non-Affiliates as of **31 March 2025** is **276,465,416.79** based on the closing price of **0.114** per share.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Empire East Land Holdings, Inc. (the “Company” or “Empire East”) was incorporated under Philippine law on 15 July 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company, for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of 31 December 2024, Megaworld holds 81.7% interest in the Company.

As of 31 December 2024, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. (“VVPI”); Sherman Oak Holdings, Inc. (“SOHI”) Empire East Communities, Inc. (“EECI”) and 20th Century Nylon Shirt Co., Inc. (“20th Century”); 72.5% in Laguna BelAir Science School, Inc. (“LBASSI”); 60% in Sonoma Premier Land, Inc. (“SPLI”) (formerly, “Galleria Corsini Holdings, Inc.”); 47% in Gilmore Property Marketing Associates, Inc. (“GPMAI”); and 40% in Pacific Coast Megacity Inc. (“PCMI”).

EPHI, which was incorporated on 05 September 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on 13 October 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company’s ownership in VVPI to 100%.

SPLI was incorporated on 26 February 2007. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on 14 October 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on 02 February 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on 05 September 1996 to acquire, lease, and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27M shares by way of conversion of advances into equity. In 2012, GPMAI issued 5M shares of stock to a third party which resulted in the decrease of the Company’s ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on 13 February 1996 and was operating a school for primary and secondary education. The change in name was approved in August 2013. In 2022, LBASSI ceased its operations. The Company owns 72.5% of LBASSI.

20th Century was incorporated in 1952. On January 24, 2003, the SEC approved the extension of the Company’s life for another 50 years from the date of renewal. In February 2015, the company acquired 100% ownership interest in 20th Century.

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI. In 2019, it acquired an additional 20% increase in its ownership interest to 40%.

Neither the Company nor its subsidiaries (collectively the “Group”) have been the subject of a bankruptcy, receivership, or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

Business of Issuer and Subsidiaries

Principal Products, Services, and Markets

The Company has been a pioneering force in the Philippine real estate industry for three decades, continuously shaping the urban landscape with its innovative residential developments. Catering to the middle-income and upscale market segments, the Company specializes in developing mid-rise to high-rise condominiums and single-detached homes in key locations across Metro Manila and in the progressive provinces of Rizal and Laguna.

Marking its 30th year of delivering excellence in real estate, the Company has provided for over 27,000 households—comprising more than 120,000 residents—with accessible, high-quality homes. Its projects remain a top choice among Filipino homebuyers, whether for personal use or investment purposes, as they offer a seamless blend of comfort, convenience, and modern urban living.

Empire East has been at the forefront of industry trends, pioneering concepts that have redefined city living. The Company's "township model," first introduced in its Laguna Bel-Air community in Santa Rosa City, revolutionized residential development by integrating the "live, work, play, and learn" concept into a self-sustaining neighborhood. This model was later applied to its master-planned "micro cities," including San Francisco Gardens, California Garden Square, Greenhills Garden Square, and The Cambridge Village, which have since become benchmarks for urban residential projects by other industry players.

The Company has also played a significant role in making homeownership more attainable through innovative payment terms. During the 1997 Asian Financial Crisis, it introduced the "No Down Payment" scheme, a game-changing approach that made property acquisition more accessible. Additionally, its flexible loft-type condominium layouts continue to be highly sought after in the local real estate market.

Currently, Empire East focuses on two distinct residential development concepts: (1) **Transit-Oriented Developments (TODs)**, which prioritize accessibility and mobility by being strategically located near major transport hubs, including PUV terminals and MRT-3 and LRT-2 stations; and (2) **Urban Resort Communities**, which elevate city living by providing resort-style amenities and facilities within a secure and well-planned environment.

The Company's growth trajectory is further bolstered by the Philippine government's extensive infrastructure initiatives, particularly in the eastern corridor of Metro Manila. Recognizing the potential of this rapidly developing area, Empire East has taken the lead in establishing **Empire East Highland City**, a groundbreaking 22-hectare township that is set to become the country's first "elevated city." This visionary project will feature a premier sports club, an upscale shopping mall, a sprawling park, a man-made forest, and an array of high-rise residential towers, further solidifying Empire East's legacy as a trailblazer in urban development.

Contribution to Sales and Revenues

In 2024, the income from sales of various condominium units and house-and-lot packages accounted for 65% of consolidated total revenues. Finance income, the bulk of which came from short-term placements and advances to related parties, accounted for 19% of consolidated total revenues. The commission income of a subsidiary of the Company realized from the marketing of real properties of related parties, rentals, and other business-related sources accounted for the remaining 16% of consolidated total revenues. Foreign sales contributed minimally to the Group’s consolidated sales and revenues for the year 2024.

The percentage of contribution to revenues of the above products and services differs from their percentage of contribution to net income since certain revenues do not have corresponding expenses and some expenses are not identifiable with projects.

Distribution Methods

Empire East employs a multi-channel sales strategy, ensuring that its residential properties reach a wide spectrum of homebuyers and investors. The Company's in-house sales teams, composed of Directors for Sales, Sales Officers, and Salespersons, actively market both pre-selling and ready-for-occupancy developments.

Additionally, dedicated internal sales groups, such as **Empire East Networks (EEN)** and **Empire East Communities (EEC)**, extend the Company's reach across various regional markets. EEN focuses on provincial sales operations in North Luzon, Central Luzon, and South Luzon, while EEC specializes in promoting specific projects. The Company also accredits licensed brokers, part-time agents, and overseas sales partners to further expand its market presence.

With the real estate sector embracing digital transformation, Empire East continues to enhance its marketing strategies by integrating both traditional and digital sales approaches. The post-pandemic landscape has reinforced the importance of hybrid sales techniques, wherein the Company combines in-person selling—such as leafleting, on-site presentations, and showroom manning—with aggressive online marketing. Supported by the Marketing Department, sales teams generate leads and close deals through targeted social media campaigns and digital advertising.

To streamline the home buying process, Empire East has fully digitalized its reservation and documentation systems, offering virtual project presentations and seamless transaction platforms for clients. The Company's investment in digital marketing extends beyond social media, encompassing corporate and project-specific websites, online ads, and virtual condo tours. These efforts complement traditional out-of-home advertising such as billboards and print media placements, ensuring maximum visibility across various consumer touchpoints.

Furthermore, the Company pursues strategic event sponsorships and partnerships that enhance brand exposure in key markets. The evolving real estate landscape necessitates continuous adaptation, and Empire East remains committed to refining its marketing and distribution methodologies to maintain business resilience and achieve sustained growth.

Update on Projects

Empire East Highland City is located at the convergence of Pasig City in Metro Manila and Cainta in the Province of Rizal, near the major thoroughfares of Marcos Highway and Ortigas Avenue Extension. This 22-hectare sustainable community along Felix Avenue is well-positioned to provide future residents with mobility and accessibility. They can ride the LRT Line 2 via Marikina Station and the upcoming MRT Line 4 via Cainta Junction Station, which will connect to the much-anticipated Metro Manila Subway.

The vast 8,000-square-meter Highland Park is located along the township's frontage. A 500-seater church, retail stores, al fresco dining, expansive walking paths, water features, and beautiful greenery will all welcome locals and guests. This elevated park will include majestic Spanish steps leading up to the opulent Highland Mall. This mall has restaurants, boutiques, a supermarket, movie theaters, and other necessities for daily life.

This "luxurious uphill community" will feature bike lanes, wide sidewalks bordered by trees, and 4- to 6-lane roads. The 37-tower Highland Residences will rise in an elevated and serene area of the township, while the center of the neighborhood is The Chartered Club, an elite recreation center that provides top-notch amenities and sports facilities to potential club members.

Towers 1 through 4 of the first residential phase, Arcadia, are nearly sold out, demonstrating the strong demand that buyers and investors are placing in the project. Condo units start at 21.38 square meters in size, up to 46.50 square meters, with well-thought-out layout options such as executive studios, 1-bedroom, and 2-bedroom suites.

The Paddington Place is a four-tower high-rise condominium situated on Shaw Boulevard in Mandaluyong City. This 8,816-square-meter property is conveniently walkable from the Ortigas CBD and the MRT-3 Shaw Boulevard Station along EDSA. The development's Transit-Oriented Development (TOD) concept offers buyers superior mobility and unparalleled accessibility.

The first two levels of the podium will house "The Pad," a community mall that will provide future residents with their daily necessities. The seventh and eighth floors will feature a function room, fitness gym, indoor play area, terraced gardens, and a 25-meter lap pool with a kiddie pool.

Breathtaking views of the Wack-Wack Golf Course, the Greenhills neighborhood, and the Ortigas and Makati skylines will excite future homeowners. With each tower rising up to 45 stories high, the development's excellent rental potential and easily accessible address attracted a large number of investors in addition to end-users. The available condos start at 21.32 sq. m. up to 95.46 sq. m., ranging from executive studios, 1-to-2-bedroom suites, and larger penthouse suites. Furthermore, first-time homebuyers and those looking for secondary homes for temporary use were drawn to the property.

Towers 1 through 3 have been almost sold out. Construction is in full swing, with the completion of the residential towers expected by the end of 2027.

Mango Tree Residences is a two-tower condominium project situated on a 3,000-square-meter premium land in the elevated and hilly terrain of M. Paterno and Ledesma Streets in San Juan City, near many prestigious schools and major retail centers in the Greenhills area. This on-stilts green development is bordered by decades-old mango trees that have been preserved amid the construction.

The future MRT Line 4 stations along Ortigas Avenue will be walkable from this community, while major cities like Quezon City, Manila, Pasig, Mandaluyong, and the Makati CBD, which can be reached through efficient road networks via N. Domingo Street and Santolan Road.

There are open areas on the ground level, held up by sturdy stilt structures, giving the development a secluded and peaceful feel. Future homeowners can indulge in landscaped gardens, an al fresco lounge, and recreational amenity areas. All levels are kept in low density, with just 9 to 12 suites per floor at typical levels and only 6 units at the penthouse level, to ensure privacy and exclusivity.

This property features spacious condo units with 1-bedroom and 2-bedroom layouts, as well as special units with private patios on the 7th floor. The 38-level West Residences has been turned over to homebuyers, with only a few units left, while the 34-level East Residences with available units has been topped off and will soon be completed.

Covent Garden is strategically located at Santol Street Extension and Magsaysay Boulevard in Santa Mesa, Manila, offering residents seamless connectivity. It is within walking distance of the LRT-2 V. Mapa Station and accessible via the Metro Skyway Stage 3 Extension and other key road networks. Commuters also benefit from the LRT Line 2's direct links to the LRT Line 1 and MRT Line 3.

Designed with an innovative structural layout, this 5,033.25-square-meter development maximizes space efficiency, featuring elevated open areas and recreational amenities. Each residential floor provides an unobstructed view of the Metro Manila skyline.

The **South Residences** is fully built and boasts a high occupancy rate among homeowners and tenants, while the **North Residences** is nearing completion. Limited two-bedroom and bi-level units remain available, while all executive studio and one-bedroom suites have been sold out.

Kasara Urban Resort Residences is a five-star resort-inspired community spanning 1.8 hectares between Eagle and P.E. Antonio Streets in Ugong, Pasig City. Its prime location near C5 Road, Tiendesitas, Valle Verde villages, and Ortigas CBD enhances its investment value, with upcoming transport infrastructures like the Metro Manila Subway and MRT Line 4 further boosting accessibility.

Approximately 60% of the development consists of open spaces and resort-style amenities, including a fitness center, jogging paths, an open-air play area, landscaped gardens, waterfalls, a koi pond, bubblers, a kiddie pool, and a clubhouse with a function hall and bar area. The highlight of the community is a lake-inspired swimming pool.

Unit offerings range from **22.20 to 144 square meters**, including executive studios, one- and two-bedroom suites, and bi-level penthouses. Select units feature private patios or balconies. While **Towers 4 and 6** remain under construction, **Towers 1, 2, and 3** are ready for occupancy, and **Tower 5** is nearing turnover. The entire development is nearly sold out.

The Rochester is a seven-tower, mid-rise urban resort community along Elisco Road, San Joaquin, Pasig City. Situated just a kilometer from the C5-Kalayaan intersection, it provides convenient access to Bonifacio Global City and the business districts of Makati, Ortigas, and Eastwood City.

All seven towers—**Garden Villa 1, Garden Villa 2, Breeze Tower, Parklane Tower, Palmridge Tower, Hillcrest Tower, and the newly turned-over Bridgeview Tower**—are sold out and ready for occupancy. Residents enjoy an array of resort-style amenities, including a clubhouse with a bar area, an al fresco lounge, a function room, a fitness gym, a 25-meter lap pool, a kiddie pool, pocket gardens, a children's play area, and a multipurpose open court.

Unit sizes range from **24.30 to 58 square meters**, offering one-, two-, and three-bedroom configurations, with select units featuring balconies. Spacious bi-level suites, reaching up to **93 square meters**, are also available in some towers.

Pioneer Woodlands is a **Transit-Oriented Development (TOD)** directly connected to the Boni Avenue Station of MRT Line 3. Located at EDSA corner Pioneer Street in Mandaluyong City, it provides residents with excellent connectivity to Makati, Ortigas, and Bonifacio Global City.

The six-tower development has attracted both investors and end-users, offering a range of unit options, including executive studios, one- and two-bedroom suites, and select units with patios or balconies. **Towers 1 through 5** are completed and fully sold, while **Tower 6**, currently under full-swing construction, has limited units still available. Residents can now enjoy leisure and recreational amenities on the fifth level.

Little Baguio Terraces is a four-tower, mid-to-high-rise condominium community nestled between N. Domingo Street and Aurora Boulevard in San Juan City. With the **J. Ruiz and Gilmore stations of LRT Line 2** just a short walk away, residents enjoy unparalleled access to Manila's top educational institutions within the **University Belt** and Katipunan area.

Towers 1 to 4 are fully sold out, offering predominantly **30-square-meter two-bedroom units**. Tower 1 also featured unit combination options, allowing buyers to create more spacious **60-square-meter three-bedroom residences**. Residents benefit from exclusive recreational facilities located at the podium level.

San Lorenzo Place is a four-tower residential condominium strategically located along EDSA corner Chino Roces Avenue in Makati City, directly connected to the Magallanes MRT Station. This transit-oriented development provides unparalleled accessibility to major business districts such as Makati, Bonifacio Global City, and Ortigas.

The project features modern amenities such as a lap pool, a kiddie pool, an outdoor jogging path, an indoor gym, a daycare center, a function room, and a multi-purpose court. The podium level is home to a lifestyle mall, providing residents with shopping and dining options just an elevator ride away.

San Lorenzo Place offers 1-bedroom, 2-bedroom and 3-bedroom combined unit layouts, catering to young professionals and growing families. With its prime location and integrated transport access, it remains a sought-after address for city dwellers who prioritize convenience and connectivity.

All four towers have been completed and sold out. The development attracted both end-users and investors due to its strategic location and the ongoing growth of Makati City as a premier business and lifestyle hub.

The Cambridge Village is a 37-tower mid-rise "micro city" along East Bank Road in Cainta, Rizal, near the Pasig City boundary. Designed as a self-sustained community, it features resort-style recreational amenities, ground-level retail stores, an expansive central park, and a parish church, offering residents a vibrant and convenient lifestyle.

Spanning 8 hectares, all residential clusters, ranging from six to ten stories, have been sold out and are ready for occupancy. Unit options include spacious two-bedroom residences, loft-style homes, and flexible studio units, catering to various homeowner preferences. Residents also have access to swimming pools, a fitness center, jogging paths, landscaped gardens, a clubhouse, and function halls, enhancing their quality of life.

The Sonoma is a 50-hectare Asian Modern-style residential enclave in Santa Rosa, Laguna, offering single-detached homes surrounded by lush greenery. Designed for a balance of urban convenience and nature-inspired living, it features a central recreation zone with top-tier amenities, including a clubhouse, function rooms, swimming pools, and a basketball court.

The community is divided into four residential phases—The Enclave, The Pavilion, The Country Club, and The Esplanade—with a limited number of lots still available. Complementing the residential area, The Sonoma Commercial Strip at the subdivision's entrance will soon house restaurants, retail stores, and business establishments, further elevating the neighborhood's accessibility and lifestyle offerings.

South Science Park is a 51-hectare mixed-use development located in Gimalas, Balayan, Batangas, within the growing industrial hub of Southern Luzon. Positioned to support both residential and commercial growth, it is envisioned to become a thriving economic and lifestyle destination.

Competition

As the real estate industry continues its robust recovery from the pandemic's economic effects, Empire East remains at the forefront of the middle-income segment by adapting to evolving market norms and leveraging digital tools and platforms. The Company has enhanced its residential product offerings to meet shifting market expectations, maintaining a competitive edge over primary competitors.

The key central business districts of Makati, Ortigas, and Bonifacio Global City, as well as prime locations in Quezon City and Manila Bay, are nearly fully occupied by mixed-use developments, leaving limited large tracts of land for substantial projects in Metro Manila. The C5 corridor, connecting Pasig City to Eastwood in Libis, Quezon City, has experienced a surge in township developments by major real estate developers; however, the majority of residential projects along this corridor are priced at a premium.

The eastern side of Metro Manila presents more reasonably priced options for first-time homebuyers and real estate investors. The Cainta Junction area, within a 3-kilometer radius of the Ortigas Avenue Extension and Felix Avenue intersection at the Pasig City-Cainta border, has become a focal point for mid-rise and high-rise condominium developments. Notable projects in this vicinity include Sta. Lucia Land's East Bel-Air Residences, WeeComm Development's Jacinta Enclaves, Filinvest Land's Futura East - East Town, and SMDC's Charm Residences along Felix Avenue. Additionally, along Ortigas Avenue Extension, developments such as Horizons East Ortigas by Datem Homes, Urban Deca Homes Ortigas by 8990 Holdings, Sierra Valley Gardens by Robinsons Land, and The Hive and Modan Loft by PH1 World Developers have emerged. Projects like Horizon Land's Siena Towers in Marikina City and DMCI's Satori Residences in Pasig City also serve as competitors in this area.

A significant catalyst for development in the Cainta Junction area is the approved 15.56-kilometer MRT Line 4 by the national government. Upon completion, this multibillion-peso infrastructure project is expected to serve approximately 230,000 riders daily, traversing Quezon City, San Juan, Mandaluyong, Pasig, Cainta, and Taytay, and connecting to the LRT-2, MRT-3, and Metro Manila Subway, thereby enhancing connectivity across Metro Manila.

The largest development in the area is the 22-hectare sustainable township, Empire East Highland City, managed by the Company and situated approximately 1.6 kilometers from Cainta Junction. With its initial seven towers rising to 37 stories, Empire East Highland City will be the tallest development in the vicinity, surpassing competitors that range from 5 to 17 levels. Beyond its impressive height, Empire East Highland City offers several competitive advantages:

Development Concept: This high-rise community is designed to enhance residents' welfare and well-being. Its grand master plan features an expansive green park, an upscale lifestyle mall, tree-lined streets and walkways, bike lanes, a five-star sports club, a church, and a man-made forest, distinguishing it from primary competitors.

Open Spaces: Despite plans for 37 high-rise buildings, the community prioritizes large open spaces within its 22 hectares. In contrast, competing projects on 1.5 to 2.3 hectares accommodate 4 to 7 residential buildings, leading to higher density. For instance, 8990 Holdings' development along Ortigas Avenue Extension plans 22 densely packed towers on 13.2 hectares, offering limited open spaces for residents.

Density per Floor: Competitors often feature high-density floors with 36 to 64 units per level, compromising exclusivity and privacy. Empire East Highland City offers a more balanced approach, with only 22 to 26 condominium suites per floor, providing residents with a sense of exclusivity.

Unit Mix: Empire East Highland City provides a diverse range of unit types and layouts, including executive studios, one-bedroom, and two-bedroom apartments ranging from 21.38 to 46.50 square meters. In contrast, some developments offer limited unit mixes, restricting options for homebuyers. For example, the Filinvest project adjacent to Empire East Highland City offers only 32-square-meter two-bedroom condos, while the SMDC project provides only two-bedroom units, with or without balconies.

Price and Payment Terms: Empire East Highland City offers competitive pricing reflective of its elegant and grand development. While some competitors offer lower prices per square meter, they often target the mass and low-cost housing market, making them less comparable to the luxurious lifestyle provided by Empire East Highland City. Additionally, other competing projects are priced significantly higher. The Company's current promotional terms, including substantial discounts, flexible payment periods of up to 60 months at zero interest, and low monthly amortizations, appeal to a broader range of potential homebuyers.

These competitive advantages are also evident in other locations where the Company has ongoing projects, such as Mandaluyong City and San Juan City.

In Mandaluyong City, **The Paddington Place** competes with developments like Amaia Skies Shaw by Amaia Land and The Olive Place by DataLand, Inc. Despite The Olive Place's distance from EDSA and the Ortigas CBD, it commands a higher price, while Amaia Skies Shaw's high-density design with up to 40 units per level and lack of luxury branding may not justify its current selling price. DMCI’s pre-selling development along Domingo M. Guevara Street, Sage Residences, is priced higher than the Company’s offering. Among these developments, only The Paddington Place will feature a two-level mall along Shaw Boulevard, while others have retail spaces only at the ground level.

Along EDSA, developments such as Fame Residences, Light Residences, and Light 2 Residences by SMDC; Avida Towers Centera and Avida Towers Verge by Avida Land; Twin Oaks Place and Zitan Tower by Greenfield Development Corporation; Grand Central Residences and Pines Peak by Cityland; Flair Towers by DMCI; and One Sierra by PIK Group serve as competitors. The Paddington Place and Pioneer Woodlands continue to offer competitive pricing and marketable payment terms for both pre-selling and ready-for-occupancy properties.

The Company’s resort-style communities**, Kasara Urban Resort Residences and The Rochester,** both in Pasig City, continue to offer a significant competitive advantage over other residential developments in the area in terms of development concept, unit mix, density, pricing, and payment terms for both pre-selling and ready-for-occupancy (RFO) inventories. Some of the largest competing projects currently in the pre-selling stage include SMDC's Gem Residences, Robinsons Land's Sync Residences and Cirrus Residences, DMCI’s Valeron Tower, and Megaworld’s Arcovia Park Place and 18 Avenue de Triomphe. Unit prices in these developments range from 25% to 75% higher than those in Empire East's projects. Meanwhile, DMCI’s Levina Place and Mirea Residences, located further from C5 Road within Pasig City's inner neighborhoods, are more affordable but lack the resort-style amenities and strategic accessibility offered by Kasara and The Rochester.

In San Juan City**,** Empire East’s **Mango Tree Residences** and **Little Baguio Terraces** remain highly competitive in their respective segments. Mango Tree Residences, a premium development, offers flexible payment options for pre-selling inventory, while Little Baguio Terraces continues to provide reasonably priced RFO units. Competitors in this market include Valencia Hills Tower E, One Wilson Square, and Terrazas de Valencia by Federal Land; Robinsons Land's Magnolia Residences and Chimes Greenhills; and DMCI's One Castilla Place**.** Additionally, townhouses developed by smaller players provide alternative residential options in San Juan, catering to buyers seeking low-density communities near New Manila and Greenhills.

For the student and investor market along the LRT Line 2 corridor**,** particularly in the Santa Mesa area of Manila, Empire East’s **Covent Garden** directly competes with SMDC’s Mezza Residences II, Filinvest Land’s Maui Oasis, DMCI’s Sorrel Residences and Illumina Residences, and Data Land’s Silk Residences. These projects cater to end-users and investors targeting students from universities in Manila and Quezon City. All competing developments offer zero-interest monthly payments with varying terms, yet Covent Garden maintains its competitive edge through its strategic location, well-planned unit mix, and investment-friendly pricing.

Moving forward, **Empire East remains committed to maintaining its competitive advantage** over major real estate players by developing **strategically located residential communities** while continuously innovating its **development concepts, payment terms, and product offerings.** The Company will continue to **leverage transit-oriented developments, master-planned townships, and sustainable living concepts** to provide value-driven investment opportunities for homebuyers and investors.

Sources and Availability of Raw Materials/Suppliers

The Company has a broad base of suppliers of materials and services and is not dependent on any one supplier.

Dependence on Certain Customers

The Company has a broad customer base and is not dependent on a single customer or few customers.

Transactions with and/or Dependence on Related Parties

All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company’s stakeholders, as well as preventing potential conflicts of interest.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements, and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & E of the SEC Supplementary Schedules as of 31 December 2024. Related parties are able to settle their obligations in connection with transactions with the Company. The Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Note 25 of the Notes to the Audited Consolidated Financial Statements of the Group attached as Exhibit 1 hereof and incorporated herein by reference.

In 2024, total commissions earned by a subsidiary from the sale of its Parent Company's real estate properties amounted to Php35.5 million.

Other than those disclosed in the Group's Audited Consolidated Financial Statements, the Company has not entered into other related party transactions.

Patents, Trademarks, and Copyrights

The operations of the Group are not dependent on any copyright, patent, trademark, license, franchise, concession, or royalty agreement.

Need for Government Approval of Principal Products and Services / Effect of Existing or Probable Government Regulations

Philippine land-use laws regarding subdivisions and condominiums include zoning laws, which regulate land use, laws that specify standards and technical requirements for the development of subdivisions, and laws requiring licenses to be obtained before the sale of real estate property.

The municipal or city authority determines whether the plans of a proposed development comply with the applicable standards and conducts a preliminary inspection of the site. Local authorities are required to monitor the progress of subdivision projects and to inspect projects following their completion to determine whether or not they comply with the approved plans.

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the Housing and Land Use Regulatory Board ("HLURB") (now, the Department of Human Settlements and Urban Development ["DHSUD"]). The first type of subdivision, aimed at low-cost housing, must comply with Batas Pambansa Blg. 220, which allows for a higher density of building and relaxes some of the construction standards. Other subdivisions must comply with Presidential Decree No. 957, which sets out standards for lower-density developments. Both types of subdivisions must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, length of the housing blocks, and house construction.

Under Presidential Decree No. 957, which covers subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes, DHSUD, together with local government units, has jurisdiction to regulate the real estate trade and business. All subdivision plans are required to be filed with and approved by the local government unit concerned, while condominium project plans are required to be filed with and approved by DHSUD. Approval of such plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical, and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. Development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, and house construction.

Owners or dealers of real estate projects are required to obtain licenses to sell before making sales or other disposition of lots or real estate projects.

In general, developers of residential subdivisions are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("DENR"). This description sets out the background of the proposed project and identifies any significant environmental risks and possible alternative sites. In environmentally critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required, and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not cause an unacceptable environmental impact.

The Company routinely applies for the required governmental approvals for its projects as provided above and some DHSUD approvals such as but not limited to development permits and licenses to sell are pending for certain projects or project phases.

Under Republic Act No. 11201, DHSUD was created through the consolidation of the Housing and Urban Development Coordinating Council and HLURB and assumed the planning and regulatory functions of the HLURB. On the other hand, HLURB was reconstituted as the Human Settlements Adjudication Commission, which assumed the adjudicatory function of HLURB and was attached to DHSUD for policy, planning, and program coordination.

Pursuant to the Anti-Money Laundering Act of 2001 ("AMLA"), as recently amended by Republic Act No. 11521, which took effect on January 30, 2021, real estate developers ("REDs") are now covered institutions. Thus, REDs are now required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and regulations. For REDs, a covered transaction involves a single cash transaction involving an amount in excess of Php7,500,000.00 or its equivalent in any other currency. Suspicious transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations. REDs are required to file with the AMLC a Covered Transaction Report ("CTR") within five (5) working days from occurrence thereof, and a Suspicious Transaction Report ("STR") within the next working day from occurrence thereof.

The Group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

Research and Development Costs

Expenses incurred for research are minimal and do not amount to a significant percentage of revenues.

On the other hand, construction and development costs incurred and their percentage of revenues are as follows:

Year	Amount Spent	% to Revenue
2024	Php1.92 billion	38.8%
2023	Php1.80 billion	34.7%
2022	Php3.00 billion	63.8%

Costs and Effects of Compliance with Environmental Laws

Expenses incurred by the Group for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

Manpower

As of 31 December 2024, the Group employed a total of 698 employees. The Group will hire additional employees if or when the present workforce becomes inadequate to handle the growing operations of the Group. The Group has no collective bargaining agreements with its employees due to the absence of organized labor organizations in the Group. Aside from complying with the minimum compensation standards mandated by law, the Group makes available to qualified personnel supplemental benefits such as health insurance, retirement, housing plans, and car plans.

The table below shows the breakdown of employees by rank:

Description	As of 31 December 2024	Projected Hiring for 2025
Executives	17	-
Managers	77	2
Supervisors	191	37
Rank & File	413	41
Total	**698**	**80**

Business Risks

The real estate industry is highly dependent on the performance of the national economy as the growth of the industry has a direct correlation with the state of the national income and effective disposal income of the people. As disposable income increases, expenditures on housing will increase proportionately. Furthermore, a stable economy brings about liquidity in the financial system, thus increasing the sources of funding for housing.

The growth and profitability of the Group are influenced by the general political and economic situation. Any political instability in the future may have a material effect on the financial results of the Group.

An increase in interest rates and the unavailability of affordable financing options affect the demand for housing. The Company caters to the middle-income market, a market that primarily considers the affordability of monthly amortizations through long-term in-house or bank financing schemes.

The Company is engaged primarily in the development of land and construction of housing /condominium units. Its business is dependent on the availability of large tracts of land with potential for development. As major players and new ones continue to take advantage of the bullish condition of the real estate industry, prime properties may become less available to the Company.

Other risks related to property development are fluctuation in prices and availability of construction materials, changes in government regulations, increase in taxes and fees, and intense competition.

The Company remains vigilant to factors affecting its business, such as fluctuations in interest rates on borrowings and end-buyers' financing, increasing costs of construction materials, labor, and administrative expenses which may affect the overall demand for housing**.** Fluctuations in foreign exchange have no adverse effect since the Company has very minimal importations of construction-related materials and has no foreign currency-denominated loans.

The Company continuously monitors trends in the industry and regularly checks economic indicators. It constantly explores ways and means how to be more cost-effective and implements reasonable price increases to maintain certain profit margins while keeping its products competitive. To maintain the marketability of its products, it provides quality projects in convenient locations, keeps the price affordable, offers a variety of flexible payment terms for in-house financing, and continues to maintain strong tie-up arrangements with various banks for the financing requirements of its buyers.

The Group remains prudent in managing its financial resources and has taken measures in controlling its available funds. Generally, the Group utilizes its internally generated funds for its operations and partly uses bank financing for purposes of acquiring properties with strong economic potential and meeting urgent development requirements. By identifying the risk areas and employing appropriate risk management tools, the Group believes that the related business risks could be managed properly.

Item 2. Properties

Description of Principal Properties

The principal properties of the Group are as follows:

Property	Location	Limitations on Ownership
Completed Projects:		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
Gilmore Heights	Gilmore Ave. cor. N. Domingo Sts., Quezon City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture
Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	D.M. Guevarra, Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
The Sonoma	Sta. Rosa City	Joint Venture
San Lorenzo Place	Makati City	Joint Venture
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
The Rochester	Pasig City	Owned
On-Going Projects:		
Pioneer Woodlands	Mandaluyong City	Joint Venture
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
Mango Tree Residences	San Juan City	Owned
Covent Garden	Sta. Mesa Manila	Owned
The Paddington Place	Mandaluyong City	Owned
Southpoint Science Park	Gimalas Balayan Batangas	Owned
Empire East Highland City	Pasig City and Cainta, Rizal	Joint Venture

Most projects are for sale except for Central Business Park (CBP), an office-warehouse complex, and San Lorenzo Place Mall (SLPM), which is composed of commercial units for lease. CBP has a leasable area of 9,870 square meters with a lease rate of Php315 per square meter. SLPM has 6,596.2 square meters with a lease rate ranging from Php350.0 to Php3,042.34 per square meter. Lease terms for CBP and SLPM are up to 5 years and 10 years, respectively.

There is no mortgage, lien, or encumbrance over the properties of the Company. The limitations on ownership and usage are disclosed in the table above and in the Notes of the Group's Audited Consolidated Financial Statements.

The Company cannot identify the particular properties it intends to acquire in the next twelve (12) months as the opportunities, offers or prospects may come unexpectedly. It aims to continuously acquire properties in strategic/prime locations with good market potential. It may acquire interest on the land through either outright acquisition or joint venture arrangements with landowners. Depending on the value of the property, it may utilize its internal funds to finance the acquisition; it may partially borrow or raise funds through equity financing.

Item 3. Legal Proceedings

Description of Material Pending Legal Proceedings

There is no material pending legal proceedings to which the Company or any of its subsidiaries and affiliates is a party or of which any of their property is the subject of.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 2024 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The Company has an authorized capital stock of Thirty-Three Billing Four Hundred Ninety-Five Million Two Hundred Thousand Pesos (Php33,495,200,000.00), divided into the following classes of shares, with the features provided below:

a. 31,495,200,000 voting common shares with a par value of Php1.00 per share.
b. 2,000,000,000 preferred shares with par value of Php1.00 per share, which shall be convertible, non-voting (except in those cases provided by law and the Enabling Resolutions) and shall have no pre-emptive right to subscribe to or purchase any shares of any class.

Market Information

The Company's common shares are traded on the Philippine Stock Exchange ("PSE"). The following table sets out, for the periods indicated, the high and low sales prices for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2023	High	0.214	0.191	0.152	0.155
	Low	0.183	0.140	0.094	0.119
2024	High	0.183	0.191	0.157	0.148
	Low	0.119	0.142	0.126	0.118
2025	High	0.128			
	Low	0.104			
3/31 /2025 Close		0.114			

Holders

As of 31 December 2024, there were 12,252 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of 31 December 2024.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438[1]	81.7271%
2.	PCD Nominee Corporation (Filipino)	2,051,219,524[2]	13.9765%
3.	PCD Nominee Corporation (Non-Filipino)	171,062,952	1.1656%
4.	The Andresons Group, Inc.	149,692,820	1.0200%

[1] This includes 1,000,000 shares lodged with PCD Nominee Corporation (Filipino) and beneficially owned by Megaworld Corporation.
[2] This excludes 1,000,000 shares lodged with PCD Nominee Corporation (Filipino) and beneficially owned by Megaworld Corporation.

5,	Alliance Global Group, Inc.	56,000,000	0.3816%
6.	Andrew L. Tan	24,277,777	0.1654%
7.	Simon Lee Sui Hee	16,685,206	0.1137%
8.	Ramon Uy Ong	14,950,000	0.1019%
9.	Lucio W. Yan	10,350,000	0.0705%
10.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%
11.	Evangeline R. Abdullah	4,324,000	0.0295%
12.	George T. Yang	3,675,400	0.0250%
13.	Zheng Chang Hua	3,220,000	0.0219%
14.	Tiong C. Rosario	3,138,791	0.0214%
15.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
16.	Luisa Co Li	2,902,908	0.0198%
17.	Edward N. Cheok	2,875,000	0.0196%
18.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
19.	Maximino S. Uy	2,357,500	0.0161%
20.	William How	2,300,000	0.0157%

Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow, and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that is not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

No stock dividends were declared on the Company’s common shares from 2007 to 2024. The Company declared a 15% stock dividend on 15 March 2006, which was paid on 08 August 2006 to all shares of common stock outstanding as of 13 July 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Recent Sales of Unregistered or Exempt Securities

No sales of unregistered securities were made in the past three (3) years. No debt securities were registered nor contemplated to be registered.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

For 2024, the following are top key performance indicators of the Group:

		2024	**2023**
Sales		Php3.2 Billion	Php4.0 Billion
Net Profit		Php680.3 Million	Php757.9 Million
Current Ratio	*1	2.81:1	2.87:1
Quick Ratio	*2	0.96:1	1.06:1
Return on Assets	*3	0.01:1	0.02:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*

**3-Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila

2) Prudent Cash Management

The Group continued to implement cost-saving measures and negotiate for longer payment terms with both existing and new suppliers. Strict monitoring of cash outflows is also being continually observed, and any excess cash from operations is being placed in short-term investments.

3) Ability to Repay Loan Obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group continues to innovate and implement collection efficiency initiatives, some of which are the various online payment platforms that enable clients to continually make payments with ease. The Group is also in partnership with a wide network of banks to provide clients with more convenient payment options.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2024 versus 31 December 2023

Amount in Million Pesos *(except for Earnings per Share (EPS))*	**For the years ended December 31** **2024**	 **2023**	**Change year-on-year** **in Pesos**	 **in %**
REVENUES				
Real estate sales	3,242.6	3,997.5	(754.9)	-18.9%
Finance income	913.7	587.5	326.2	55.5%
Equity share in net earnings of an associate	0.4	0.1	0.3	218.3%
Commissions and other income	794.1	618.0	176.1	28.5%
	4,950.8	5,203.1	(252.3)	-4.8%
COSTS AND EXPENSES				
Cost of real estate sales	2,053.7	2,497.4	(443.7)	-17.8%
Finance costs	491.9	391.1	100.8	25.8%
Operating expenses	1,517.1	1,336.7	180.4	13.5%
Tax expense	207.8	220.0	(12.2)	-5.5%
	4,270.5	4,445.2	(174.7)	-3.9%
NET PROFIT	680.3	757.9	(77.6)	-10.2%
Net profit (loss) attributable to:				
Parent company's shareholders	687.1	765.7	(78.6)	-10.3%
Non-controlling interests	(6.8)	(7.8)	(1.0)	-12.8%
EPS - Basic and Diluted	0.047	0.052	(0.005)	-9.6%

During the twelve-month period, the consolidated net profit amounted to Php680.3 million, with 10.2% decrease from previous year's net income of Php757.9 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Equity share in net earnings of an associate, Commissions and other income, dipped by 4.8% from Php5.2 billion in 2023 to Php5.0 billion in 2024.

Real Estate Sales

The Group registered Real Estate Sales of Php3.2 billion for the year ended 31 December 2024 compared with Php4.0 billion for the year ended 31 December 2023. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, Covent Garden, San Lorenzo Place, Mango Tree Residences, The Paddington Place, The Rochester Garden, The Sonoma, The Cambridge Village, and Little Baguio Terraces.

The Cost of Real Estate Sales amounted to Php2.0 billion for the year ended 31 December 2024 and Php2.5 billion for the year ended 31 December 2023 or 63.3% and 62.5% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended 31 December 2024 and 2023 amounted to Php1.2 billion and Php1.5 billion or 36.7% and 37.5% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended 31 December 2024 and 2023 amounted to Php913.7 million and Php587.5 million or 18.5% and 11.3% of Total Revenues, respectively. They were derived mostly from in-house financing, short-term investments, significant financing component in the contract to sell and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended 31 December 2024 and 2023 resulted to Php794.1 million and Php618.0 million or 16.0% and 11.9% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.4 million and Php0.1 million for the year ended 31 December 2024 and 2023, respectively.

Operating Expenses

Operating Expenses posted an increase of 13.5% from Php1.3 billion to Php1.5 billion for the year ended 31 December 2023 and 2024, respectively. Other charges/expenses include Finance Cost of Php491.9 million and Php391.1 million for the year ended 31 December 2024 and 2023, respectively.

FINANCIAL CONDITION

Review of 31 December 2024 versus 31 December 2023

Amount in Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2024**	**2023**	**in Pesos**	**in %**
Cash and cash equivalents	2,863.9	3,717.5	(853.6)	-23.0%
Contract assets[1]	3,267.0	2,741.2	525.8	19.2%
Advances to related parties	5,965.8	5,467.5	498.3	9.1%
Prepayments and other current assets	1,365.0	1,258.3	106.7	8.5%
Financial assets at fair value through other comprehensive income	1,013.4	1,270.1	(256.7)	-20.2%
Property and equipment - net	146.6	160.9	(14.3)	-8.9%
Intangible assets-net	28.1	34.3	(6.2)	-18.1%
Total Assets	**49,425.2**	**49,499.1**	**(73.9)**	**-0.1%**
Interest-bearing loans and borrowings[1]	650.0	850.0	(200.0)	-23.5%
Customers' deposits	4,743.7	5,140.8	(397.1)	-7.7%
Advances from related parties	6,394.9	6,061.7	333.2	5.5%
Contract liabilities[1]	282.6	256.8	25.9	10.0%
Other current liabilities	1,208.6	1,042.2	166.4	16.0%
Retirement benefit obligation	238.1	154.0	84.1	54.6%
Total Liabilities	**18,093.3**	**18,135.5**	**(42.2)**	**-0.2%**
Revaluation reserves	259.4	547.6	(288.2)	-52.6%
Retained earnings	9,577.9	9,314.6	263.3	2.8%
Equity Attributable to the Parent Company's stockholders	28,554.5	28,579.3	(24.8)	-0.1%
Non-controlling interests	2,777.4	2,784.3	(6.9)	-0.2%
Total Equity	**31,331.9**	**31,363.6**	**(31.7)**	**-0.1%**

[1] *Current+Non-current*

Total Assets of the Group as of 31 December 2024 and 2023 amounted to Php49.4 billion and Php49.5 billion, respectively. Cash and Cash Equivalents as of December 31 decreased from Php3.7 billion in 2023 to Php2.9 billion in 2024.

The Group remains liquid with Total Current Assets of Php42.9 billion in 2024 and Php43.3 billion in 2023, which accounts for 86.7% and 87.5% of the Total Assets as of 31 December 2024 and 2023, respectively. While Total Current Liabilities amounted to Php15.2 billion in 2024 and Php15.1 billion in 2023.

Total Equity as of December 31 decreased from Php31.4 billion in 2023 to Php31.3 billion in 2024 mainly due to the Group's restatement in relation to the adoption of IFRIC Agenda (PAS 23) and PIC Q&A No. 2018-12D and re-measurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary

For the year ending 31 December 2024 and 2023, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2024 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2023)

Statements of Financial Position

- 23.0% decrease in Cash and cash equivalents
  Mainly due to the full blast construction of various projects during the period

- 19.2% increase in Contract Assets
  Due to the progress in construction activities and sales recognized from uncompleted projects

- 9.1% increase in Advances to Related Parties
  Mainly due to interest on outstanding advances

- 8.5% increase in Prepayments and Other Current Assets
  Primarily due to the capitalized Commissions incurred to obtain contracts.

- 20.2% decrease in Financial Assets at Fair Value through Other Comprehensive Income
  Due to the decline in the fair market value of shares held by a subsidiary

- 8.9% decrease in Property and Equipment - Net
  Mainly due to the depreciation expense for the period

- 18.1% decrease in Intangible Assets – Net
  Due to the amortization recognized for the period

- 23.5% decrease in Interest-Bearing Loans and Borrowings
  Due to principal repayments of loan

- 7.7% decrease in Customers' Deposits
  Primarily due to recognized sales for the period

- 5.5% increase in Advances from Related Parties
  Mainly due to interest on outstanding advances

- 10.0% increase in Contract Liabilities
  Due to customer collections net of construction progress for some contracts

- 16.0% increase in Other Current Liabilities
  Due to the portion of contractors' and suppliers' billings retained by the company to ensure compliance with their contract agreements and the provision for refund liability recognized during the period as required by R.A. 6552

- 54.6% increase in Retirement Benefit Obligation
  Mainly due to the re-measurement of the Retirement Benefit Obligation

- 52.6% decrease in Revaluation Reserve
  Mainly due to the decline in fair market value of investment in securities held by a subsidiary

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2023)

- 18.9% decrease in Real estate sales
  Primarily due to the fewer number of contracts qualified for revenue recognition for the year

- 55.5% increase in Finance Income
  Mainly due to interest related to the significant financing components of contracts, outstanding advances to related parties and short-term investments

- 218.3% increase in Equity Share in Net Income of Associates
  Mainly due to the reported net income of an associate for the period

- 28.5% increase in Commissions and Other Income
  Mainly due to the higher rentals from commercial spaces as well as revenue derived from other sources

- 17.8% decrease in Cost of Real Estate Sales
  Due to lower Real Estate Sales for the year

- 25.8% increase in Finance Costs
  Mainly due to interest on loans and advances from related parties

- 13.5% increase in Operating Expenses
  Mainly due to the increase in selling, administrative, and other corporate expenses

- 5.5% decrease in Tax Expense
  Mainly due to the decrease in taxable income for the year

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more flexible payment schemes under in-house financing, and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2023, the following are top key performance indicators of the Group:

		2023	2022
Sales		Php4.0 Billion	Php3.8 Billion
Net Profit		Php757.9 Million	Php715.4 Million
Current Ratio	*1	2.87:1	3.11:1
Quick Ratio	*2	1.06:1	1.10:1
Return on Assets	*3	0.02:1	0.02:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*

**3-Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, monitored cash outflows and invested excess cash in short-term time deposits.

3) Ability to Repay Loan Obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments. It also utilizes more banks to provide more convenience to clients who opt for direct payments.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2023 versus 31 December 2022

Amount in Million Pesos (except for Earnings per Share (EPS))	**For the years ended December 31** 2023	2022	**Change year-on-year** in Pesos	in %
REVENUES				
Real estate sales	3,997.5	3,800.0	197.5	5.2%
Finance income	587.5	491.4	96.1	19.5%
Equity share in net earnings of an associate	0.1	0.2	(0.1)	-35.5%
Commissions and other income	618.0	415.5	202.5	48.7%
	5,203.1	4,707.1	496.0	10.5%
COSTS AND EXPENSES				
Cost of real estate sales	2,497.4	2,228.0	269.4	12.1%
Finance costs	391.1	398.8	(7.7)	-1.9%
Operating Expenses	1,336.7	1,123.7	213.0	19.0%
Tax Expense	220.0	241.2	(21.2)	-8.8%
	4,445.2	3,991.7	453.5	11.4%
NET PROFIT	757.9	715.4	42.5	5.9%
Net profit (loss) attributable to:				
Parent company's shareholders	765.7	720.2	45.5	6.3%
Non-controlling interests	(7.8)	(4.8)	(3.0)	-62.1%
EPS - Basic and Diluted	0.052	0.049	0.003	7.0%

During the twelve-month period, the consolidated net profit amounted to Php757.9 million, with 5.9% increase from previous year's net income of Php715.4 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Equity share in net earnings of an associate, Commissions and other income, soared by 10.5% from Php4.7 billion in 2022 to Php5.2 billion in 2023.

Real Estate Sales

The Group registered Real Estate Sales of Php4.0 billion for the year ended 31 December 2023 compared with Php3.8 billion for the year ended 31 December 2022. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, Covent Garden, San Lorenzo Place, Mango Tree Residences, The Paddington Place, The Rochester Garden, The Sonoma, The Cambridge Village, and Little Baguio Terraces,

The Cost of Real Estate Sales amounted to Php2.5 billion for the year ended 31 December 2023 and Php2.2 billion for the year ended 31 December 2022 or 62.5% and 58.6% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended 31 December 2023 and 2022 amounted to Php1.5 billion and Php1.6 billion or 37.5% and 41.4% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended 31 December 2023 and 2022 amounted to Php587.5 million and Php491.4 million or 11.3% % and 10.4% of Total Revenues, respectively. They were derived mostly from in-house financing, short-term investments and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended 31 December 2023 and 2022 resulted to Php618.0 million and Php415.5 million or 11.9% and 8.8% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.1 million and Php0.2 million for the year ended 31 December 2023 and 2022, respectively.

Operating Expenses

Operating Expenses posted an increase of 19% from Php1.1 billion to Php1.3 billion for the year ended 31 December 2022 and 2023, respectively. Other charges/expenses include Finance Cost of Php391.1 million and Php398.8 million for the year ended 31 December 2023 and 2022, respectively.

FINANCIAL CONDITION

Review of 31 December 2023 versus 31 December 2022

Amount in Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2023**	**2022**	**in Pesos**	**in %**
Cash and cash equivalents	3,717.5	3,437.8	279.7	8.1%
Trade and other receivables[1]	13,109.2	11,393.2	1,716.0	15.1%
Contract assets[1]	2,741.2	2,583.1	158.1	6.1%
Advances to related parties	5,467.5	5,084.7	382.8	7.5%
Prepayments and other current assets	1,258.3	944.4	313.9	33.2%
Financial assets at fair value through other comprehensive income	1,270.1	1,339.9	(69.8)	-5.2%
Property and equipment - net	160.9	132.1	28.8	21.7%
Intangible assets-net	34.3	117.8	(83.5)	-70.9%
Total Assets	**49,499.1**	**47,280.3**	**2,218.8**	**4.7%**
Interest-bearing loans and borrowings[1]	850.0	1,000.0	(150.0)	-15.0%
Trade and other payables	2,558.7	2,013.7	545.0	27.1%
Customers' deposits	5,140.8	4,485.7	655.1	14.6%
Advances from related parties	6,061.7	5,764.7	297.0	5.2%
Contract liabilities[1]	256.8	308.9	(52.1)	-16.9%
Other current liabilities	1,042.2	891.7	150.5	16.9%
Retirement benefit obligation	154.0	67.7	86.3	127.4%
Total Liabilities	**18,135.5**	**16,520.6**	**1,614.9**	**9.8%**
Revaluation reserves	547.6	701.7	(154.1)	-22.0%
Retained earnings	9,314.6	8,548.8	765.8	9.0%
Equity Attributable to the Parent Company's stockholders	28,579.3	27,967.6	611.7	2.2%
Non-controlling interests	2,784.3	2,792.1	(7.8)	-0.3%
Total Equity	**31,363.6**	**30,759.7**	**603.9**	**2.0%**

[1] *Current+Non-current*

Total Assets of the Group as of 31 December 2023 and 2022 amounted to Php49.5 billion and Php47.3 billion, respectively. Cash and Cash Equivalents as of December 31 increased from Php3.4 billion in 2022 to Php3.7 billion in 2023.

The Group remains liquid with Total Current Assets of Php43.3 billion in 2023 and Php42.1 billion in 2022, which accounts for 87.5% and 89.0% of the Total Assets as of 31 December 2023 and 2022, respectively. While Total Current Liabilities amounted to Php15.1 billion in 2023 and Php13.5 billion in 2022.

Total Equity as of December 31 increased from Php30.8 billion in 2022 to Php31.4 billion in 2023 due to the Group's Net Income for the 12-month period, re-measurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2023 and 2022, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2023 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2022)

Statements of Financial Position

- 8.1% increase in Cash and cash equivalents
  Mainly due to collections from customers and interest on short-term investments

- 15.1% increase in Trade and other receivables – net
  Mainly due to the recognized sales from completed projects for the period

- 6.1% increase in Contract Assets
  Pertains to the progress in the construction of various projects

- 7.5% increase in Advances to related parties
  Primarily due to interest on outstanding advances

- 33.2% increase in Prepayments & other current assets
  Due to transfer related taxes processed during the year and adjustment on deferred commission related to uncompleted projects

- 5.2% decrease in Financial assets at fair value through other comprehensive income
  Pertains to the decrease in fair market value of investment in securities held by a subsidiary

- 21.7% increase in Property and equipment - net
  Primarily due to asset acquisition and recognition of Right-of-Use of Asset for the year

- 70.9% decrease in Intangible assets - net
  Pertains to the depreciation and impairment loss of goodwill on a subsidiary recognized for the year

- 15% decrease in Interest-bearing loans and borrowings
  Due to repayment of bank loans

- 27.1% increase in Trade and other payables
  Mainly due to increase in construction activities of various projects

- 14.6% increase in Customers' deposits
  Primarily due to collections from buyers of various projects

- 5.2% increase in Advances from related parties
  Mainly due to interest on outstanding advances to the parent company

- 16.9% decrease in Contract liabilities
  Due to the completion of various towers and construction progress for the other ongoing projects

- 16.9% increase in Other current liabilities
  Mainly due to the portion of the contractors' and suppliers' billings retained by the company to ensure compliance with the contract agreement

- 127.4% increase in Retirement benefit obligation
  Mainly due to the re-measurement of the retirement benefit obligation

- 22% decrease in Revaluation reserve
  Mainly due to decrease in fair market value of investment in securities held by a subsidiary

- 9.0% increase in Retained Earnings
  Pertains to Net Income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2022)

- 5.2% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 19.5% increase in Finance income
  Mainly due to interest on the outstanding advances to related parties and short-term investments

- 35.5% decrease in Equity share in net earnings of an associate
  Due to lower net operating income reported by an associate

- 48.7% increase in Commission and other income
  Mainly due to an increase in revenues reported by a subsidiary and other income derived from other related sources

- 12.1% increase in Cost of sales
  Mainly due to increase in real estate sales recorded for the period

- 19% increase in Operating Expenses
  Mainly due to an increase in administrative expenses

- 8.8% decrease in Tax expense
  Mainly due to decrease in taxable income for the year

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2022, the following are top key performance indicators of the Group:

		2022	**2021**
Sales		Php3.8 Billion	Php3.6 Billion
Net Profit		Php715.4 Million	Php797.1 Million
Current Ratio	*1	3.11:1	3.13:1
Quick Ratio	*2	1.10:1	1.04:1
Return on Assets	*3	0.02:1	0.02:1
Return on Equity	*4	0.02:1	0.03:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*
**3- Net Profit divided by Average Total Assets*
**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales
The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, strictly monitored cash outflows and placed excess cash in short-term investments.

3) Ability to Repay Loan Obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments. It also utilizes more banks to provide more convenience to clients who opt for direct payments.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2022 versus 31 December 2021

Amount in Million Pesos	**For the years ended December 31**		**Change year-on-year**	
(except for Earnings per Share (EPS))	**2022**	**2021**	**in Pesos**	**in %**
REVENUES				
Real estate sales	3,800.0	3,622.8	177.2	4.9%
Finance income	491.4	409.9	81.5	19.9%
Equity share in net earnings of an associate	0.2	4.1	(3.9)	-95.2%
Commissions and other income	415.5	498.1	(82.6)	-16.6%
	4,707.1	4,534.9	172.2	3.8%
COSTS AND EXPENSES				
Cost of real estate sales	2,228.0	2,228.7	(0.7)	0.0%
Finance costs	398.8	367.4	31.4	8.6%
Operating Expenses	1,123.7	1,321.4	(197.7)	-15.0%
Income taxes	241.2	(179.7)	420.9	234.2%
	3,991.7	3,737.8	253.9	6.8%
NET PROFIT	715.4	797.1	(81.7)	-10.2%
Net profit (loss) attributable to:				
Parent company's shareholders	720.2	805.8	(85.6)	-10.6%
Non-controlling interests	(4.8)	(8.7)	3.9	44.2%
EPS - Basic and Diluted	0.049	0.055	(0.0)	-11.2%

During the twelve-month period, the consolidated net profit amounted to Php715.4 million, with 10.3% decrease from previous year's net income of Php797.1 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Commissions and other revenues amount to Php4.7 billion and Php4.5 billion in 2022 and 2021, respectively.

Real Estate Sales

The Group registered Real Estate Sales of Php3.8 billion for the year ended 31 December 2022 compared with Php3.6 billion for the year ended 31 December 2021. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, The Cambridge Village, Mango Tree Residences, The Rochester Garden, Little Baguio Terraces, Covent Garden, The Sonoma, San Lorenzo Place, and The Paddington Place.

The Cost of Real Estate Sales amounted to Php2.2 billion for the years ended 31 December 2022 and 2021 or 58.6% and 61.5% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended 31 December 2022 and 2021 amounted to Php1.6 billion and Php1.4 billion or 41.4% and 38.5% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended 31 December 2022 and 2021 amount to Php491.4 million and Php409.9 million or 10.4% and 9.0% of Total Revenues, respectively. They were derived mostly from in-house financing and various advances to related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended 31 December 2022 and 2021 resulted to Php415.5 million and Php498.1 million or 8.8% and 11.0% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.2 million and Php4.1 million for the year ended 31 December 2022 and 2021, respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2022 and 2021 amount to Php1.1 billion and Php1.3 billion, respectively. Other charges/expenses include Finance Cost of Php398.8 million and Php367.4 million for the year ended 31 December 2022 and 2021, respectively.

FINANCIAL CONDITION

Review of 31 December 2022 versus 31 December 2021

Amount in Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2022**	**2021**	**in Pesos**	**in %**
Trade and other receivables[1]	11,393.2	10,741.3	651.9	6.1%
Contract assets[1]	2,583.1	2,052.9	530.2	25.8%
Advances to related parties	5,084.7	4,747.8	336.9	7.1%
Prepayments and other current assets	944.4	806.7	137.7	17.1%
Property and equipment - net	132.1	144.9	(12.8)	-8.8%
Total Assets	47,280.3	46,205.1	1,075.2	2.3%
Interest-bearing loans and borrowings[1]	1,000.0	1,250.0	(250.0)	-20.0%
Trade and other payables	2,013.7	1,821.5	192.2	10.6%
Contract liabilities[1]	308.9	280.6	28.3	10.1%
Retirement benefit obligation	67.7	136.6	(68.9)	-50.4%
Deferred tax liabilities - net	1,988.3	1,878.0	110.3	5.9%
Total Liabilities	16,520.6	16,211.9	308.7	1.9%
Revaluation reserves	701.7	650.5	51.2	7.9%
Retained earnings	8,548.8	7,828.6	720.2	9.2%
Equity Attributable to the Parent Company's stockholders	27,967.6	27,196.2	771.4	2.8%
Non-controlling interests	2,792.1	2,797.0	(4.9)	-0.2%
Total Equity	30,759.7	29,993.1	766.6	2.6%

[1] *Current+Non-current*

Total Assets of the Group as of 31 December 2022 and 2021 amount to Php47.3 billion and Php46.2 billion, respectively. Cash and Cash Equivalents as of December 31 increased from Php3.39 billion in 2021 to Php3.44 billion in 2022. The Group remains liquid with Total Current Assets of Php42.1 billion in 2022 and Php40.8 billion in 2021, which accounts for 89.0% and 88.3% of the Total Assets as of 31 December 2022 and 2021, respectively. While Total Current Liabilities amounts to Php13.5 billion in 2022 and Php13.0 billion in 2021.

Total Equity as of December 31 increased from Php29.9 billion in 2021 to Php30.8 billion in 2022 due to the Group's Net Income for the 12-month period, remeasurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2022 and 2021, the Group sourced its major cash requirements from internally generated funds.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2022 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2021)

Statements of Financial Position

- 6.1% increase in Trade and other receivables - net
  Mainly due to the recognized sales from completed projects for the period and advance payments made to suppliers and contractors

- 25.8% increase in Contract Assets
  Mainly due to the progress in the construction of various projects

- 7.1% increase in Advances to related parties
  Primarily due to interest on outstanding advances

- 17.1% increase in Prepayments & other current assets
  Due to transfer related taxes processed during the year and adjustment on deferred commission related to uncompleted projects

- 8.8% decrease in Property and equipment - net
  Primarily due to depreciation for the year

- 20% decrease in Interest-bearing loans and borrowings
  Due to repayment of bank loans

- 10.6% increase in Trade and other payables
  Primary due to increase in construction activities of various projects

- 10.1% increase in Contract liabilities
  Mainly due to sustained collections from customers of certain uncompleted projects

- 50.4% decrease in Retirement benefit obligation
  Due to additional contribution made and remeasurement of the retirement benefit obligation

- 5.9% increase in Deferred Tax Liabilities-net
  Pertains to the tax effect of taxable and deductible temporary differences

- 7.9% increase in Revaluation reserve
  Mainly due to increase in fair market value of investment in securities held by a subsidiary and remeasurement of retirement benefit obligation

- 9.2% increase in Retained Earnings
  Pertains to Net Income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2021)

- 4.9% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 19.9% increase in Finance income
  Mainly due to interest on the outstanding advances to related parties and short-term investments of the Group

- 95.2% decrease in Equity share in net income of associates
  Due to lower net operating income reported by an associate

- 16.6% decrease in Commission and other income
  Mainly due to a decrease in revenues reported by a subsidiary which were derived from other related sources

- 8.6% increase in Finance costs
  Mainly due to interest on loans and advances from related parties

- 15% decrease in Operating expenses
  Mainly due to decrease in marketing and administrative expenses

- 234.2% decrease in Tax expense
  Mainly due to the effect of the tax adjustment taken in the prior year upon the implementation of CREATE Law

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

Item 7. Financial Statements

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as **Exhibits 1 and 1-A,** and incorporated herein by reference.

Item 8. Information on Independent Accountant and Other Related Matters

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Representatives of the Company's external auditor are likewise present at the stockholders' meeting, where they are given the opportunity to make a statement should they desire to do so, and to respond to questions from stockholders.

In compliance with SEC Memorandum Circular No. 8, Series of 2003, which was subsequently incorporated in SRC Rule 68, paragraph 3(b)(iv), and the Company's Revised Manual of Corporate Governance, the Company has engaged Punongbayan & Araullo as external auditor. Starting the year ending 31 December 2023, Mr. Edcel U. Costales, one of the Audit and Assurance Partners of Punongbayan & Araullo, was designated as the engagement partner for the audit of the Company's financial statements. Mr. Renan A. Piamonte, also one of the Audit and Assurance Partners of Punongbayan & Araullo, handled the audit of the Company's financial statement for the past seven years from 2016 to 2022.

External Audit Fees and Services

The Company's external auditor, Punongbayan & Araullo, billed the amount of Php2,600,000 and Php2,350,000 annually exclusive of VAT for the years ending 31 December 2024 and 2023, respectively, in professional fees for services rendered by it for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2024 and 2023. The Company has not engaged external auditors for non-audit services, nor paid non-audit fees.

Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for the years ending 31 December 2024 and 2023.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Company's Board of Directors consists of seven (7) members, of which two (2) are independent directors. All of the directors were elected during the annual meeting of stockholders held on 11 June 2024 for a term of one year and will hold office until their successors are elected and qualified.

The table sets forth each member of the Company's Board as of 31 December 2024.

Name	Age	Citizenship	Position	Date First Elected
Andrew L. Tan	75	Filipino	Chairman of the Board (Non-Executive)	July 1994
Anthony Charlemagne C. Yu	62	Filipino	President/CEO	August 1997
Enrique Santos L. Sy	75	Filipino	Director (Non-Executive)	June 2009
Kevin Andrew L. Tan	45	Filipino	Director (Non-Executive)	June 2015

Lino P. Victorioso, Jr.	44	Filipino	Director	June 2024
Cresencio P. Aquino	71	Filipino	Lead Independent Director	February 2018
Sergio R. Ortiz-Luis, Jr.	81	Filipino	Independent Director	June 2022

The table below sets forth the Company's executive officers as of 31 December 2024.

Name			Present Position
Anthony Charlemagne C. Yu	62	Filipino	President/CEO
Lino P. Victorioso, Jr.	44	Filipino	Chief Financial Officer/Chief Information Officer/ Compliance Officer
Jhoanna Lyndelou T. Llaga	53	Filipino	Senior Vice President and Chief Marketing Officer
Franemil T. Ramos	50	Filipino	First Vice President for Management Information System
Dennis E. Edaño	48	Filipino	Corporate Secretary/ First Vice President for Legal and Corporate Affairs
Celeste Z. Sioson-Bumatay	47	Filipino	Assistant Corporate Secretary/ First Vice President for Credit and Collection
Amiel Victor A. Asuncion[1]	40	Filipino	Senior Assistant Vice President for Human Resources
Kim Camille B. Manansala	34	Filipino	Vice President for Audit and Management Services
Arminius M. Madridejos[2]	53	Filipino	First Vice President for Property Development
Giovanni C. Ng	50	Filipino	Treasurer

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

Andrew L. Tan
Chairman of the Board

Mr. Tan, 75 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board of Megaworld Corporation, a publicly listed corporation and the parent of the Company, and Chairman of other publicly listed companies such as Alliance Global Group, Inc., Emperador Inc., and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through the Company's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism estates through publicly-listed Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs, while continuing to focus on consumer-friendly food and beverage and quick service restaurants. Mr. Tan serves as Chairman of the Board of Empire East Land Holdings, Inc., a publicly-listed subsidiary of the Company, and Suntrust Properties, Inc., a subsidiary engaged in the development and marketing of affordable housing projects. He also serves in the boards of other Megaworld subsidiaries including Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties Inc., Megaworld Bacolod Properties, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Newport Property Holdings, Inc. and Richmonde Hotel Group International Limited. He is also the Chairman of Emperador Inc., a public-listed company which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines. Mr. Tan is Chairman Emeritus of Megaworld Foundation, the Company's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance and environmental conservation. He is a director of Travellers International Hotel Group, Inc., which owns Newport World Resorts Manila, and the food and beverage companies, Emperador Distillers, Inc. Alliance Global Brands, Inc. and Golden Arches Development Corporation. Dr. Tan graduated magna cum laude from the University

[1] Resigned as of 31 March 2025.
[2] Retired effective 28 February 2025.

of the East with a Bachelor of Science degree in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the Degree of Doctor of Humanities, honoris causa.

Anthony Charlemagne C. Yu
Director/President/CEO

Atty. Yu, 62 years old, Filipino, has been a member of the Company's Board of Directors since August 1997 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in July 1996 and served as its Vice President until July 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Bachelor of Laws degree from the University of the Philippines. He holds a Master's Degree from the University of London. Atty. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a Legal Associate in one of the country's largest and most active law firms then, and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavier. He also served as a Consultant in the Senate of the Philippines. He was a member of the University Faculty of the Ateneo de Manila University for many years, and sat on the board of the Institute of the Philippine Culture of the Ateneo de Manila University. He was also a Founding Faculty of the College of Law of De La Salle University, and a Professor of Law at the Lyceum College of Law. Atty. Yu continues to serve as a Professor of Law in the College of Law of the University of the Philippines. He was a member of the Philippine Delegation to the Integrated Environmental Management Forum held in Israel. Atty. Yu was also a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sat in the Board of Trustees of Management Advancement Systems, Association, Inc. He is currently the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise development. He is the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He was also a member of the Board of Trustees of a non-profit research and education development institution that provides socio-economic research and analysis on people's issues to various sectors. He also sits in the Board of NVC Foundation- Negrense Volunteers for Change, an organization that fights hunger and poverty by providing proper nutrition for poor children, as well as sustainable livelihood opportunities for their families. He is also a member of the Board of Trustees of WWF Philippines, which works to improve Filipino lives by crafting solutions to climate change, providing sustainable livelihood programs, and conserving the country's richest marine and terrestrial habitats. Atty. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc.

Cresencio P. Aquino
Lead Independent Director

Atty. Aquino, 71 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He was first elected as independent director of the Company on February 15, 2018. He concurrently serves as an independent director in the boards of publicly-listed companies, Megaworld Corporation and Global-Estate Resorts, Inc. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government ("DILG") from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines. Atty.

Aquino graduated from San Sebastian College Manila with the degree of Bachelor of Arts in 1973. He obtained his Bachelor of Laws from the same institution in 1977.

Sergio R. Ortiz-Luis, Jr.
Independent Director

Mr. Ortiz-Luis, 81 years old, Filipino, is an independent director of the Company since June 2022. He is the Head of the Philippine Exporters Confederation, Inc., the country's umbrella organization of Philippine exporters under the Export Development Act, Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry, President of Employers Confederation of the Philippines, a Director and Past President at Philippine Foundation, Inc. or Team Philippines, and Founding Director of the International Chamber of Commerce in the Philippines. He is also the Independent Director of MREIT, Inc. Mr. Ortiz-Luis, Jr. obtained his bachelor's degree in Liberal Arts and Business Administration, and a candidate of Master of Business Administration from De La Salle College. He has a PhD in Humanities from Central Luzon State University, PhD in Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology, and PhD in Business Administration from Angeles University Foundation.

Kevin Andrew L. Tan
Director

Mr. Tan, 45 years old, Filipino, has served as Director since June 2015. He is the Director and Executive Director of Megaworld Corporation. He previously held the position of Vice President and Chief Strategy Officer and also a previously a Senior Vice President for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City He is the President, Chief Executive Officer and Vice Chairman of public-listed company, Alliance Global Group, Inc., as well as the President and Chief Executive Officer of MREIT, Inc. He is also concurrently a Director of publicly-listed companies, Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc. and Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a Chairman of Megaworld Foundation, Inc. and the Chairman and President of Alliance Global-Infracorp Development, Inc. and Agile Digital Ventures, Inc. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Enrique Santos L. Sy
Director

Mr. Sy, 75 years old, Filipino, was elected to the Board on 09 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to 23 December 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves on the board of the publicly-listed company, Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc., and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Lino P. Victorioso, Jr.
Director/Chief Financial Officer/Chief Information Officer/Compliance Officer

Mr. Victorioso, Jr., 44 years old, Filipino, is the current Chief Financial Officer, Chief Information Officer and Compliance Officer of the Company. He has served as director of the Company since 11 June 2024. He also serves as the Data Protection Officer of Megaworld Corporation, a publicly-listed company. Mr.

Victorioso previously held the position of Senior Assistant Vice-President and headed the Corporate Financial Services Division of the Megaworld Corporation. Prior to joining the Company, he held various CFO roles in the real estate and retail industries. Mr. Victorioso graduated cum laude from the University of the Philippines Diliman with a degree in Business Administration and Accountancy. He is a Certified Public Accountant.

Jhoanna Lyndelou T. Llaga
Senior Vice President and Chief Marketing Officer

Ms. Llaga, 53 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary, and as a Senior Vice President of Megaworld Central Properties, Inc., an affiliate of the Company. She joined the Company in April 1996 and is currently the Senior Vice President and Chief Marketing Officer. She was appointed Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011 and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

Franemil T. Ramos
First Vice President for Management Information System

Mr. Ramos, 50 years old, Filipino, joined the Company in December 1997 and held various positions in the Management Information System (MIS) Department. He was appointed as First Vice President in May 2022. He also held the position of Senior Manager on July 2004, Assistant Vice President on July 2006 and Vice President for MIS on July 2016. Mr. Ramos has a broad background in multiple programming languages along with extensive experience in system analysis, design, and implementation. Prior to joining the company, he was a Programmer Analyst of Union Industries, Inc. assigned to developing and migrating applications from mainframe computer. He graduated from the Lyceum of the Philippines with the degree of Bachelor of Science in Information Technology.

Arminius M. Madridejos[1]
First Vice President for Property Development

Mr. Madridejos, 53 years old, Filipino, headed the Property Development Division. He entered the Company as a Senior Manager in January 2009, was appointed Assistant Vice President in 2015, Vice President in 2017, and First Vice President in May 2023. Prior to joining the Company, he had work experiences in Jose Aliling & Associates (a construction management firm), SYNA Engineering (a project management firm based in Dubai), and Ayala Land, Inc. (construction management division). He obtained his B.S. Civil Engineering degree from the University of the Philippines – Diliman in 1994, and his Civil Engineering license on the same year.

Dennis E. Edaño
Corporate Secretary/First Vice President for Legal and Corporate Affairs

Mr. Edaño, 48 years old, Filipino, is the Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Mr. Edaño was Assistant Corporate Secretary of the Company. Mr. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Mr. Edaño obtained his bachelor's degree in Law in 1999 from the University of the Philippines and his bachelor's degree in Liberal Arts major in Philosophy from the same institution in 1995.

Celeste Z. Sioson
Assistant Corporate Secretary/First Vice President for Credit and Collection

Ms. Sioson, 47 years old, Filipino, is the Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently the First Vice President of the Credit and Collection Department

[1] Mr. Arminius M. Madridejos retired from the Company as of 28 February 2025.

of the Company. Ms. Sioson obtained her bachelor's degree in Law from the University of the Philippines in 2002 and her bachelor's degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

Amiel Victor A. Asuncion[1]
Senior Assistant Vice President for Human Resources

Mr. Asuncion, 40 years old, Filipino, has been with the Company since May 2014, and headed the Human Resources Department. Prior to his assignment as head of the Human Resources Department, Mr. Asuncion was Assistant Vice President of the Legal and Corporate Affairs Division of the Company. Mr. Asuncion obtained his Juris Doctor degree from the Ateneo de Manila University School of Law in 2010 and his Bachelor of Arts degree, major in Philosophy, minor in English Literature from the Ateneo de Manila University in 2006. Mr. Asuncion has extensive experience in civil, criminal, administrative, tax, and labor litigation, labor relations, and real estate law. Prior to joining the Company, Mr. Asuncion was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices and at Villaraza Cruz Marcelo & Angangco, and a Legal Officer at the Philippine Amusement and Gaming Corporation.

Kim Camille B. Manansala
Vice President for Audit and Management Services

Ms. Manansala, 34 years old, Filipino, currently serves as Senior Assistant Vice President for Audit and Management Services (AMS). She joined the company in May 2016 as Senior Audit Manager and was appointed as AMS-Head in July 2016, Assistant Vice President for AMS in January 2017, Senior Assistant Vice President for AMS in July 2022 and Vice President for Audit and Management Services in July 2024. She is also the assigned Project Manager for the SAP implementation from January 2017 to the present. Prior to joining the Company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance, and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a Certified Public Accountant by profession.

Giovanni C. Ng
Treasurer

Mr. Ng, 50 years old, Filipino, has served as Treasurer of the Company since 06 January 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as a director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan and Mr. Kevin Andrew L. Tan, both directors of the Company, are father and son, respectively.

[1] Resigned from the Company as of 31 March 2025.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as a director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as a director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as a director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as a director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as a director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Board Attendance at Board and Committee Meetings Held in 2024

The attendance of the directors at the meetings of the Board of Directors for the year 2024 is as follows:

Name	No. of Meetings Held During the Year/Since Appointment	No. of Meetings Attended	Percentage of Attendance
Andrew L. Tan	21	21	100%
Anthony Charlemagne C. Yu	21	21	100%
Enrique Santos L. Sy	21	21	100%
Kevin Andrew L. Tan	21	21	100%
Lino P. Victorioso, Jr.	10	10[1]	100%
Cresencio P. Aquino (Independent Director)	21	21	100%
Sergio R. Ortiz-Luis, Jr. (Independent Director)	21	21	100%

The attendance of the members of the Audit Committee at Audit Committee meetings for the year 2024 is as follows:

Name	Designation	Meetings Attended	Percentage
Cresencio P. Aquino (Independent Director)	Chairman	5/5	100%
Sergio R. Ortiz-Luis, Jr. (Independent Director)	Member	3/5	60%
Lino P. Victorioso, Jr.	Member	3/3[2]	100%

[1] Since the date of election of Mr. Lino P. Victorioso, Jr. as Director on 11 June 2024, the Board of Directors held a total of 10 meetings.
[2] Since the date of appointment of Mr. Lino P. Victorioso as member of the Audit Committee.

The attendance of the members of the Corporate Governance Committee at Corporate Governance Committee meetings for the year 2024 is as follows:

Name	Designation	Meetings Attended	Percentage
Cresencio P. Aquino (Independent Director)	Chairman	2/2	100%
Sergio R. Ortiz-Luis, Jr. (Independent Director)	Member	2/2	100%
Enrique Santos L. Sy	Member	2/2	100%

Item 10. Executive Compensation

Compensation of Certain Executive Officers

The total annual compensation paid to the President/CEO and four most highly compensated executive officers of the Company amounted to Php53,929,021 and Php54,486,438 in 2024 and 2023, respectively. The projected total annual compensation of the named executive officers for 2025 is Php58,807,457.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. The Company paid a total of Php875,000 and Php900,000 for directors' per diem in 2024 and 2023, respectively.

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

SUMMARY COMPENSATION TABLE

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2023 and 2024 and estimated aggregate compensation for 2025:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu President & CEO				
Lino P. Victorioso, Jr. Chief Financial Officer/ Chief Information Officer/Compliance Officer				
Jhoanna Lyndelou T. Llaga Senior Vice President and Chief Marketing Officer				
Dennis E. Edaño First Vice President for Legal and Corporate Affairs				
Celeste S. Bumatay First Vice President for Credit and Collection				
President and 4 Most Highly Compensated Officers	2023	45,385,639	9,100,799	54,486,438
	2024	47,702,510	6,226,511	53,929,021
	2025	50,087,636	8,719,821	58,807,457
All Other Officers and Directors as a Group	2023	34,556,311	5,529,191	40,085,502
	2024	39,677,508	5,402,360	45,079,868
	2025	41,065,372	7,269,785	48,335,157

Employment Contracts and Change-in-Control Arrangements

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to the employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants and options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of 31 December 2024

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 11th Avenue cor. 36 Street, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.	Filipino	2,051,219,524[1]	13.9833%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that is known to the Company.

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

Security Ownership of Management as of 31 December 2024

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438[1] (indirect)	Filipino	81.727062%
		149,692,820[2] (indirect)	Filipino	1.019970%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Lino P. Victorioso, Jr.	1 (direct)	Filipino	0.000000%
Common	Sergio R. Ortiz-Luis, Jr.	1 (direct)	Filipino	0.000000%
President and Four Most Highly Compensated Officers				
Common	Anthony Charlemagne C. Yu	Same as above		
Common	Lino P. Victorioso, Jr.	Same as above		
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Other Executive Officers				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Franemil T. Ramos	0	Filipino	n/a
Common	Kim Camille B. Manansala	0	Filipino	n/a
Common	Amiel Victor A. Asuncion[3]	0	Filipino	n/a
Common	Arminius M. Madridejos[4]	0	Filipino	n/a
Common	All directors and executive officers as a group	24,289,674 (direct)	Filipino	0.165504%

Voting Trust Holders of 5% or More

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company's stakeholders, as well as preventing potential conflicts of interest. Please refer to the discussion under Transactions with and/or dependence on Related Parties on pages 9 and 10.

[1] The shares are held by Megaworld Corporation had authorized Andrew L. Tan, in his capacity as Chairman of the Board, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.
[2] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.
[3] Atty. Amiel Victor A. Asuncion resigned from the Company on 31 March 2025.
[4] Mr. Arminius M. Madridejos retired from the Company on 28 February 2025.

The Group's policy on related party transactions is disclosed in Note 25 of Audited Consolidated Financial Statements.

Also, Note 25 of the Group's Audited Consolidated Financial Statements cites the conditions, purpose, and types of transactions (i.e., advances given to and received from related parties for construction-related activities, recognition of rental income, recognition of commission income, and the grant by a stockholder of security under the Group's commercial/term loan) which give rise to the due to/from related parties and advances to/from stockholders, associates, and other related parties.

In accordance with PAS 24.18, the Group disclosed the amounts of the transactions with its related parties, including the amount of outstanding balances as of the reporting dates.

The Company has no transaction for the covered period with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24 but with whom the Company or its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance.

Empire East pursues the sustainability of its business as well as shared value for its stakeholders by anchoring its corporate activities on the highest standards of corporate governance. A culture of integrity, transparency and accountability governs the company's operations, driving its move to continuously build on the value it has created for its shareholders, investors, employees and the community.

Pursuant to SEC Memorandum Circular No. 19 series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies ("Code"), the Company's Board of Directors approved the Revised Manual on Corporate Governance dated 31 May 2017 ("Revised Manual"), incorporating corporate governance principles and best practices which guides the Company in the pursuit of its goals.

The Company fully complies with the Code and the Manual. There has been no material deviation from the Revised Manual on Corporate Governance. Neither has there been any director or executive officer of the Company who has violated any material provision of the same.

The Company's Integrated Annual Corporate Governance Report (I-ACGR), embodying the Company's compliance with good corporate governance, will be filed separately.

Sustainability Report

The Board has general oversight over the sustainability-related risks and opportunities of the Company. On 11 April 2025, the Company's Board of Directors, under the auspices of the Corporate Governance Committee, convened to review and approve the submission of the Company's Sustainability Report for the fiscal year ending 2024. This review underscores Empire East's dedication to transparency, accountability, and sustainable business practices, reaffirming its commitment to stakeholders and the broader community.

A copy of the Company's Sustainability Report for 2024 is attached hereto as **Exhibit 2.**

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of 31 December 2024 and 2023
1-A	Audited Financial Statements of Empire East Land Holdings, Inc. as of 31 December 2024 and 2023
2	Sustainability Report for 2024

The Company filed the following reports on SEC Form 17-C during the period covered by this report.

Date	Disclosures
01 February 2024	Retirement of Ms. Evelyn G. Cacho and Appointment of Lino P. Victorioso, Jr. as Compliance Officer and Corporate Information Officer
29 February 2024	Audited Consolidated Financial Statements of Empire East Land Holdings, Inc. for the year ended 31 December 2023
01 March 2024	Audited Consolidated Financial Statements of Empire East Land Holdings, Inc. for the year ended 31 December 2023
17 April 2024	Notice of 2024 Annual Stockholders' Meeting
11 June 2024	Results of 2024 Annual Stockholders' Meeting
11 June 2024	Results of 2024 Organizational Meeting
11 June 2024	Press Release: Empire East continues to transcend challenges, unveils future plans

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Makati, Philippines on ____________.

EMPIRE EAST LAND HOLDINGS, INC.

By:

ANTHONY CHARLEMAGNE C. YU
President
(Principal Executive Officer
and Principal Operating Officer)

LINO P. VICTORIOSO, JR.
Chief Financial Officer
(Principal Financial Officer,
Comptroller and Principal
Accounting Officer)

DENNIS E. EDAÑO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 0 8 APR 2025 day of ____________, affiants exhibiting to me their respective government issued identification cards, as follows;

NAMES	Identification Card Number
Anthony Charlemagne C. Yu	SSS Number: 0111-6964168-4
Lino P. Victorioso, Jr.	Passort Number: PO185657B Valid until January 9, 2029
Dennis E. Edaño	SSS Number: 33-6291897-6

Doc. No. 356;
Page No. 73;
Book No. 369;
Series of 2025.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012898/04-14-202

"DOCUMENTARY STAMP TAX PAID"
04/08/2025
(SIGNATURE) (DATE OF PAYMENT)

Exhibit 1

Audited Consolidated Financial Statements as of December 31, 2024 and 2023

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2024 and 2023** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing. and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO, JR.
Chief Financial Officer

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 18 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

Signed this 24th day of February, 2025.

FEB 26 2025

SUBSCRIBED AND SWORN to me before this __________ of 2025 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Lino P. Victorioso Jr.	926-681-972

GAUDENCIO A. BARBOZA, JR
NOTARY PUBLIC
Cities of Pasig, San Juan and
In the Municipality of Pateros, Metro Manila
Until December 31, 2025
PTR No. 2843281 / 01/ 02/ 2025 Pasig City
BP No. 461377/10/04/2024 for the year 2025/RSM
Roll No. 41969
MCLE Comp. VII-0028557 / April 19, 2023
No. 11, Unit J. Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City
Appointment No. 29 (2025-2026)

Doc. No. 105
Page No. 21
Book No. 06
Series of 2025

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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2024, 2023 and 2022

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 18 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

P&A
Grant Thornton

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

T +63 2 8988 2288

Report of Independent Auditors

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 18 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

Opinion

We have audited the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the 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 present 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), and as at December 31, 2023 and for the years ended December 31, 2023 and 2022 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 financing 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, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters are 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 of Real Estate Sales

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 P3.2 billion and cost of real estate sales amounting to P2.1 billion account for 65.5% of consolidated Revenues and Income and 48.1% 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 affecting the real estate industry 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 19 and 20, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

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

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

As part of our 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. 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. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 18 2025
BY: ROSE MARCIANO
PROCESSING AND QUALITY ASSURANCE DIVISION

(b) Net Realizable Value of Real Estate Inventories

Description of the Matter

Real estate inventories consist of raw land and residential real estate projects under development or construction. As of December 31, 2024, real estate inventories amounted to P20.9 billion, which accounts for 42.3% of total consolidated assets of the Group. Inventory is measured at the lower of cost and net realizable value. The cost of inventory includes, among others, land, engineering and construction fees, professional fees directly attributable to the project, construction overheads and other directly related costs.

The Group assessed internally the net realizable value of the inventory and reduced the carrying amount when the net realizable value was lower than the cost. The net realizable value calculation is highly dependent on estimates like, among others, the estimated sales prices per square meter, the estimated remaining construction costs and the expected timing of sale of the units. The Group's management performed the valuation and assessed any possible write-downs on inventory for each project separately.

The net realizable value of real estate inventories was considered as a key audit matter due to the significance of the balance of inventories over the total consolidated assets of the Group and the involvement of significant estimates and management judgment in determining the net realizable value of inventories.

The Group's policy on accounting for real estate inventories is disclosed in Notes 2 and 3 to the consolidated financial statements and an analysis of the assets' components is presented in Note 7.

How the Matter was Addressed in the Audit

We have obtained an understanding and evaluated the net realizable value assessment process. We also examined whether real estate inventories are periodically assessed by the Group's management and the net realizable values are estimated based on accuracy and completeness of data. Additionally, we performed substantive audit procedures and tested in detail with the Group's management the net realizable value method applied and the key assumptions used. Moreover, we performed test of reasonableness on the assumption used and obtained supporting documents on the samples selected for the data inputs.

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 frameworks as discussed in Note 2 to the 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 Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 24, 2025

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
CURRENT ASSETS			
Cash and cash equivalents	5	**P 2,863,878,581**	P 3,717,469,500
Trade and other receivables - net	6	**9,254,431,239**	9,697,626,445
Contract assets	19	**2,498,252,566**	2,534,011,730
Advances to related parties	25	**5,965,760,162**	5,467,534,052
Real estate inventories	7	**20,922,248,973**	20,625,100,501
Prepayments and other current assets	17, 19	**1,365,047,387**	1,258,346,299
Total Current Assets		**42,869,618,908**	43,300,088,527
NON-CURRENT ASSETS			
Trade and other receivables	6	**3,516,695,723**	3,411,569,342
Contract assets	19	**768,746,952**	207,184,338
Financial asset at fair value through other comprehensive income (FVOCI)	8	**1,013,400,000**	1,270,128,000
Advances to landowners and joint ventures	9	**237,504,599**	242,894,346
Investment in an associate	10	**280,274,248**	279,875,774
Property and equipment - net	11	**146,640,719**	160,858,357
Intangible assets - net	12	**28,050,013**	34,262,307
Investment properties - net	13	**559,063,862**	587,082,411
Other non-current assets		**5,190,893**	5,190,893
Total Non-current Assets		**6,555,567,009**	6,199,045,768
TOTAL ASSETS		**P 49,425,185,917**	P 49,499,134,295

	Notes	2024	2023
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14, 33	P 200,000,000	P 200,000,000
Trade and other payables	15	2,512,630,683	2,558,733,723
Customers' deposits	16	4,743,665,793	5,140,775,975
Advances from related parties	25	6,394,850,556	6,061,736,667
Contract liabilities	19	170,000,828	96,357,478
Other current liabilities	18	1,208,620,531	1,042,240,285
Total Current Liabilities		15,229,768,391	15,099,844,128
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14, 33	450,000,000	650,000,000
Contract liabilities	19	112,633,789	160,409,459
Retirement benefit obligation	23	238,098,964	153,998,592
Deferred tax liabilities - net	24	2,062,813,578	2,071,285,858
Total Non-current Liabilities		2,863,546,331	3,035,693,909
Total Liabilities		18,093,314,722	18,135,538,037
EQUITY			
Attributable to the Parent Company's stockholders			
Capital stock	26	14,803,455,238	14,803,455,238
Additional paid-in capital	26	4,307,887,996	4,307,887,996
Treasury stock - at cost	26	(102,106,658)	(102,106,658)
Revaluation reserves	26	259,448,994	547,624,726
Other reserves	26	(292,118,243)	(292,118,243)
Retained earnings	26	9,577,871,830	9,314,581,026
Total equity attributable to the Parent Company's stockholders		28,554,439,157	28,579,324,085
Non-controlling interests		2,777,432,038	2,784,272,173
Total Equity		31,331,871,195	31,363,596,258
TOTAL LIABILITIES AND EQUITY		P 49,425,185,917	P 49,499,134,295

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE 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	19	P 3,242,642,998	P 3,997,538,269	P 3,799,965,640
Finance income	22	913,658,775	587,439,873	491,376,516
Rental income	13, 28	134,162,268	107,466,532	89,620,201
Commission income	25	35,514,891	37,121,681	29,635,160
Equity share in net earnings of an associate	10	398,474	125,202	194,160
Other income	21	624,416,332	473,439,890	296,275,168
		4,950,793,738	5,203,131,447	4,707,066,845
COSTS AND EXPENSES				
Cost of real estate sales	20	2,053,715,778	2,497,388,384	2,228,021,015
Finance costs	22	491,862,711	391,092,973	398,806,384
Salaries and employee benefits	23	468,163,427	431,102,206	398,502,593
Commissions	19	240,443,765	224,455,776	237,653,397
Association dues		159,961,688	141,761,997	72,107,916
Taxes and licenses	13	150,401,638	89,199,114	68,696,660
Advertising and promotion		75,205,029	71,299,910	112,144,138
Travel and transportation		61,114,262	82,738,992	65,475,732
Depreciation and amortization	11, 12, 13	54,216,921	61,679,519	46,836,096
Other expenses	12, 13, 21	307,622,515	234,472,848	122,241,931
Tax expense	24	207,804,930	219,999,156	241,204,860
		4,270,512,664	4,445,190,875	3,991,690,722
NET PROFIT		680,281,074	757,940,572	715,376,123
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently through profit or loss:				
Fair value gains (losses) on financial assets at FVOCI	8	(256,728,000)	(69,812,000)	11,260,000
Remeasurements on retirement benefit	23	(41,930,310)	(112,290,070)	53,225,333
Tax income (expense)	24	10,482,578	28,072,519	(13,306,334)
		(288,175,732)	(154,029,551)	51,178,999
TOTAL COMPREHENSIVE INCOME		P 392,105,342	P 603,911,021	P 766,555,122
Net profit (loss) attributable to:				
Parent company's shareholders		P 687,121,209	P 765,784,371	P 720,214,688
Non-controlling interest		(6,840,135)	(7,843,799)	(4,838,565)
		P 680,281,074	P 757,940,572	P 715,376,123
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		P 398,945,477	P 611,754,820	P 771,393,687
Non-controlling interest		(6,840,135)	(7,843,799)	(4,838,565)
		P 392,105,342	P 603,911,021	P 766,555,122
EARNINGS PER SHARE - Basic and Diluted	27	P 0.047	P 0.052	P 0.049

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders								
	Capital Stock (see Note 26)	Additional Paid-in Capital (see Note 26)	Treasury Stock (see Note 26)	Revaluation Reserves (see Notes 8, 23 and 26)	Other Reserves (see Note 26)	Retained Earnings (see Note 26)	Total	Non-controlling Interests	Total
Balance at January 1, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 547,624,726	(P 292,118,243)	P 9,314,581,026	P 28,579,324,085	P 2,784,272,173	P 31,363,596,258
Effect of adoption of PFRS 15 and other related interpretations	-	-	-	-	-	(423,830,405)	(423,830,405)	-	(423,830,405)
Balance at January 1, 2024, as adjusted	14,803,455,238	4,307,887,996	(102,106,658)	547,624,726	(292,118,243)	8,890,750,621	28,155,493,680	2,784,272,173	30,939,765,853
Total comprehensive income (loss) for the year	-	-	-	(288,175,732)	-	687,121,209	398,945,477	(6,840,135)	392,105,342
Balance at December 31, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 259,448,994	(P 292,118,243)	P 9,577,871,830	P 28,554,439,157	P 2,777,432,038	P 31,331,871,195
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237
Total comprehensive income (loss) for the year	-	-	-	(154,029,551)	-	765,784,371	611,754,820	(7,843,799)	603,911,021
Balance at December 31, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 547,624,726	(P 292,118,243)	P 9,314,581,026	P 28,579,324,085	P 2,784,272,173	P 31,363,596,258
Balance at January 1, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 650,475,278	(P 292,118,243)	P 7,828,581,967	P 27,196,175,578	P 2,796,954,537	P 29,993,130,115
Total comprehensive income (loss) for the year	-	-	-	51,178,999	-	720,214,688	771,393,687	(4,838,565)	766,555,122
Balance at December 31, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237

See Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 18 2025
BY: ROSEMARCIANO
LTDOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
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 888,086,004	P 977,939,728	P 956,580,983
Adjustments for:				
Finance income	22	(913,658,775)	(587,439,873)	(491,376,516)
Finance costs	22	491,862,711	391,092,973	398,806,384
Depreciation and amortization	11, 12, 13	54,216,921	61,679,519	46,836,096
Equity share in net income of an associate	10	(398,474)	(125,202)	(194,160)
Gain on sale of property and equipment	11	(132,890)	-	(2,990,545)
Gain on lease credits	17, 25	-	(106,091,000)	-
Impairment loss on goodwill	12	-	77,347,634	-
Operating profit before working capital changes		519,975,497	814,403,779	907,662,242
Decrease (increase) in trade and other receivables		527,919,505	(1,572,900,204)	(533,075,583)
Increase in contract assets		(572,668,404)	(158,082,689)	(530,165,133)
Decrease (increase) in real estate inventories		(553,518,846)	543,476,571	605,876,885
Increase in prepayments and other current assets		(92,473,228)	(250,484,915)	(137,735,794)
Decrease (increase) in advances to landowners and joint ventures		5,389,747	(1,238,456)	(4,236,502)
Increase (decrease) in trade and other payables		(42,779,051)	544,026,857	186,847,189
Increase (decrease) in contract liabilities		526,987	(52,088,508)	28,285,405
Increase (decrease) in customers' deposits		(397,110,182)	655,071,477	25,075,724
Increase in other current liabilities		166,380,246	150,516,990	2,910,374
Increase (decrease) in retirement benefit obligation		29,589,653	(29,411,976)	(21,688,699)
Cash generated from (used in) operations		(408,768,076)	643,288,926	529,756,108
Interest received from receivables		30,387,934	22,589,169	39,312,613
Cash paid for income taxes		(153,191,036)	(108,892,140)	(144,228,994)
Net Cash From (Used in) Operating Activities		(531,571,178)	556,985,955	424,839,727
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	22	91,440,493	80,949,550	30,753,942
Cash advances granted to related parties	25	(69,804,896)	(41,858,557)	(49,432,432)
Acquisitions of property and equipment	11	(6,065,687)	(13,732,576)	(1,379,758)
Collections of advances to related parties	25	3,480,018	-	15,009,671
Proceeds from the sale of property and equipment	11	430,137	-	4,554,889
Acquisition of intangible assets	12	-	-	(7,405,722)
Net Cash From (Used in) Investing Activities		19,480,065	25,358,417	(7,899,410)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of interest-bearing loans and borrowings	14, 33	(200,000,000)	(150,000,000)	(250,000,000)
Repayments of advances from related parties	25, 33	(72,427,181)	(73,278,886)	(71,474,023)
Interest paid	14, 33	(69,072,625)	(79,388,749)	(47,095,609)
Proceeds from additional advances from related parties	25, 33	-	5,759	-
Net Cash Used in Financing Activities		(341,499,806)	(302,661,876)	(368,569,632)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(853,590,919)	279,682,496	48,370,685
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,717,469,500	3,437,787,004	3,389,416,319
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,863,878,581	P 3,717,469,500	P 3,437,787,004

Supplemental Information on Non-cash Investing Activities –

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 11). No lease liabilities were recognized since the Group has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 consolidated statement of comprehensive income (see Notes 21 and 25). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 consolidated statement of financial position.

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses, and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, 2024 and 2023, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Eastwood Property Holdings, Inc. (EPHI)	(a)	100.00%
Valle Verde Properties, Inc. (VVPI)	(b)	100.00%
Sherman Oak Holdings, Inc. (SOHI)	(b)	100.00%
Empire East Communities, Inc. (EECI)	(c)	100.00%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	100.00%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	60.00%
Pacific Coast Megacity, Inc. (PCMI)	(f)	40.00%
Associate –		
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	47.00%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.
(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2024.
(c) Subsidiary incorporated in 2008 but ceased its operations as a marketing arm of real estate properties in 2014.
(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.
(e) Subsidiary primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.
(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method [see Note 3.1(j)].

The registered office address, which is also the place of operations, of the Company and its subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 2nd Floor, Kasara Urban Resort Residences Tower 2, P. Antonio St., Brgy. Ugong, Pasig City 1604, Metro Manila.

Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100.00% and 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million. In 2023, the Group has recognized an impairment loss on goodwill related to LBASSI amounting to P77.3 million [see Note 3.2(h)]. The remaining goodwill which arose from the acquisition of VVPI amounted to P1.0 million as of December 31, 2024 and 2023 is shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

Megaworld Corporation (Megaworld or Parent Company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 53.90% owned by Alliance Global Group, Inc. (AGI), the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Approval of the Consolidated Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated 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 of and for the year ended December 31, 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). In 2023, 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 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. In 2024, the Group adopted the previously deferred provisions of PFRS 15 and the related issuances of the Philippine Interpretations Committee (PIC), and International Financial Reporting Interpretations Committee (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 in 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 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, Real estate inventories decreased by P256.4 million and Deferred tax liabilities – net decreased by P52.6 million as of 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, Contract assets as of January 1, 2024 decreased by P202.7 million, while Contract liabilities as at the said date increased by P17.3 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.

(Amounts in PHP)	Note	As previously reported	Restatement	As restated
January 1, 2024				
Total assets				
Current assets:				
Contract assets	2.1b(ii)	2,534,011,730	**(1,854,393,691)**	679,618,039
Real estate inventories	2.1b(i)	20,625,100,501	**(256,370,374)**	20,368,730,127
			(2,110,764,065)	
Non-current assets –				
Contract assets	2.1b(ii)	207,184,338	**1,651,678,160**	1,858,862,498
			(459,085,905)	
Total liabilities				
Current liabilities –				
Contract liabilities	2.1b(ii)	96,357,478	**(15,866,289)**	112,223,767
Non-current liabilities:				
Contract liabilities	2.1b(ii)	160,409,459	**(1,481,807)**	161,891,266
Deferred tax liabilities - net	2.1b(i)	2,071,285,858	**52,603,596**	2,018,682,262
			35,255,500	
Impact on net assets			**(423,830,405)**	

(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 all items of income, expenses, and other comprehensive income or loss in a single consolidated statement of comprehensive 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 a retrospective restatement or reclassification of items that have material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amended PFRS Accounting Standards

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

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

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

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

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

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specify 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 required disclosures under these amendments are disclosed in Note 14.

(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 enable 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), *Leases – Lease Liability in a Sale and Leaseback*. The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use 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.

(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 none of these are expected to have 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 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

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

<u>*Financial Assets at Amortized Cost*</u>

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. 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 fair value through profit or loss (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 FVOCI

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. The Group has designated certain equity instrument at FVOCI on initial recognition.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Group applies a general approach specifically, in relation to receivables from 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.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, for debt instruments measured at amortized cost (except trade and other receivables where simplified approach is used) and at FVOCI, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Real Estate Inventories

Costs of real estate 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. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

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

2.6 Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any impairment losses. As the land has no finite useful life, it's related carrying amount is not depreciated.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

Building and other improvements	5 to 25 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

2.7 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite. Goodwill is classified as intangible asset with infinite life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

2.8 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building and office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except land for which is not subject to depreciation. Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

The Group develops real properties such as house and lot and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell pre-completed real properties is disclosed in Note 3.1(c). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

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

(b) Real estate sales on completed real estate properties – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Group.

(c) Marketing and management fees – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) Commission – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

(e) Tuition and miscellaneous fees – Revenue is recognized over time over the corresponding school term.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is 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.

In determining the transaction price, 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 Finance Costs in the consolidated statement of comprehensive income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Group recognizes interest income which is presented as part of Finance Income in the consolidated statement of comprehensive 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).

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 the Group assesses impairment of its financial assets [see Note 2.4(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.

2.10 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets in the consolidated statement of financial position (see Note 19.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.11 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Subsequent to initial recognition, 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 which is 3 to 5 years.

The Group has elected to account for short-term leases 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 applies judgment in determining whether a lease contract is a finance or operating lease.

2.12 Impairment of Non-financial Assets

The Group's Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Intangible Assets, Investment Properties, goodwill and other non-financial assets are tested for impairment. Goodwill is 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.

2.13 Employee Benefits

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

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

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.14 Earnings Per Share

The Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Judgments in Applying Accounting Policies

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

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

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 and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

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.

(b) Determining Existence of a Contract with Customer

In a sale of real estate properties, 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 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 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(e)].

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.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant 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 factors enumerated below.

- 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 determined that its performance obligation for pre-completed real estate inventories 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. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission 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.

(iii) Tuition Fees

The Group determines that its revenue from tuition fees 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 counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(d) Determination of the Existence of the 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.

(e) 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. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(f) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for Trade Receivables, Contract Assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., 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).

With respect to Advances to Related Parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's Trade and Other Receivables, Contract Assets and Advances to Related Parties are disclosed in Note 29.2.

(g) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the 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 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.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(h) Distinction Between Real Estate Inventories and Investment Property

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 use over these assets in making its judgment.

(i) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. 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's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(j) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(k) 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 28.

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) 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.

(b) 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 obligations. 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 applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) 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.

(d) 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 behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(e) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate 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 these assets 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 Group's inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(f) Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties

The Group estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of Property and Equipment, Intangible Assets, and Investment Properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2024 and 2023, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(g) 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 values of the Group's deferred tax assets as of December 31, 2024 and 2023 are disclosed in Note 24.

(h) 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 present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit (CGU) based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. On October 20, 2022, LBASSI filed for the certificate of clearance with the BIR Revenue District Office No. 057, Biñan, West Laguna.

In 2023, LBASSI retracted its filed application for the certificate of clearance with BIR. LBASSI will remain as a non-operating entity until such time that it ventures again into business.

Based on management's assessment, impairment loss amounting to P77.3 million on goodwill has been recognized since the recoverable amount of the cash generating units is less than their carrying amount in 2023 (see Note 12). There was no similar impairment in 2024 and 2022.

No impairment losses were recognized on Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Investment Properties, and other non-financial assets in 2024, 2023 and 2022 (see Notes 9, 10, 11 and 13).

(i) Valuation of Post-employment Defined Benefit

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

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(j) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of 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.

For land, the Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 31.4.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who 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 and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

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 post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

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 include all operating assets used by a segment and consist principally of operating receivables, Contract Assets and Real Estate Inventories. Excluded from segment assets are Cash and Cash Equivalents, Advances to Related Parties, Prepayments, Advances to Landowners and Joint Ventures, Investments in an Associate, Property and Equipment, Intangible Assets, Investment Properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of Contract Liabilities and Customers' Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, Deferred Tax Liabilities and Retirement Benefit Obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2024, 2023 and 2022 and certain asset and liability information regarding segments as at December 31, 2024 and 2023.

(Amounts in PHP)	High Rise Projects			Horizontal Projects			Total		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
REVENUES									
Real estate sales	**3,136,454,171**	3,651,882,437	3,566,584,650	**106,188,827**	345,655,832	233,380,990	**3,242,642,998**	3,997,538,269	3,799,965,640
Finance income	**353,968,172**	136,631,933	135,808,063	**3,587,572**	11,635,045	8,450,489	**357,555,744**	148,266,978	144,258,552
Rental income	**12,495,355**	14,677,006	17,189,304	**-**	-	-	**12,495,355**	14,677,006	17,189,304
Other income	**541,813,821**	277,426,111	155,670,753	**27,673,152**	9,399,769	10,842,544	**569,486,973**	286,825,880	166,513,297
	4,044,731,519	4,080,617,487	3,875,252,770	**137,449,551**	366,690,646	252,674,023	**4,182,181,070**	4,447,308,133	4,127,926,793
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**1,991,192,143**	2,310,566,542	2,096,109,839	**62,523,635**	186,821,842	131,911,176	**2,053,715,778**	2,497,388,384	2,228,021,015
Commissions	**207,456,664**	199,293,899	199,731,748	**8,585,499**	11,848,142	18,641,320	**216,042,163**	211,142,041	218,373,068
Association dues	**146,717,756**	131,765,698	61,985,205	**8,622,422**	6,237,793	7,761,307	**155,340,178**	138,003,491	69,746,512
Advertising and promotion	**57,073,323**	49,276,760	90,405,992	**9,901,501**	14,325,457	12,595,558	**66,974,824**	63,602,217	103,001,550
Taxes and licenses	**89,206,859**	49,575,127	32,620,734	**9,890,989**	8,940,581	8,774,720	**99,097,848**	58,515,708	41,395,454
Rentals	**9,424,912**	3,814,336	6,108,597	**-**	-	388,488	**9,424,912**	3,814,336	6,497,085
Finance costs	**7,992,596**	-	-	**-**	-	-	**7,992,596**	-	-
Salaries and employee benefits	**607,416**	799,383	1,132,027	**37,347**	113,256	-	**644,763**	912,639	1,132,027
Travel and transportation	**134,509**	105,978	90,277	**14,116**	28,118	26,536	**148,625**	134,096	116,813
Other expenses	**149,803,793**	63,000,076	50,939,530	**10,004,394**	5,163,020	4,416,464	**159,808,187**	68,163,096	55,355,994
	2,659,609,971	2,808,197,799	2,539,123,949	**109,579,903**	233,478,209	184,515,569	**2,769,189,874**	3,041,676,008	2,723,639,518
SEGMENT OPERATING PROFIT	**1,385,121,548**	1,272,419,688	1,336,128,821	**27,869,648**	133,212,437	68,158,454	**1,412,991,196**	1,405,632,125	1,404,287,275
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**25,439,444,587**	24,154,408,651		**6,807,674,065**	7,004,218,353		**32,247,118,652**	31,158,627,004	
Segment liabilities	**4,688,829,079**	4,948,182,003		**317,272,561**	310,890,758		**5,006,101,640**	5,259,072,761	

There was no segment interest expense allocated in 2023 and 2022.

4.5 Reconciliations

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

(Amounts in PHP)	**2024**	2023	2022
Revenues			
Total segment revenues	**4,182,181,070**	4,447,308,133	4,127,926,793
Unallocated revenues:			
Finance income	**556,103,031**	439,172,895	347,117,963
Rental income from investment property	**121,666,913**	92,789,526	72,430,897
Commission income	**35,514,891**	37,121,681	29,635,160
Other income	**55,327,833**	186,739,212	129,956,032
	768,612,668	755,823,314	579,140,052
Revenues as reported in the consolidated statements of comprehensive income	**4,950,793,738**	5,203,131,447	4,707,066,845
Profit or loss			
Segment operating profit	**1,412,991,196**	1,405,632,125	1,404,287,275
Other unallocated income	**768,612,668**	755,823,314	579,140,052
Other unallocated expenses	**(1,501,322,790)**	(1,403,514,867)	(1,268,051,204)
Net profit as reported in the consolidated statements of comprehensive income	**680,281,074**	757,940,572	715,376,123
Assets			
Segment assets	**32,247,118,652**	31,158,627,004	
Unallocated assets:			
Cash and cash equivalents	**2,863,878,581**	3,717,469,500	
Trade and other receivables - net	**4,713,256,801**	5,316,865,352	
Advances to related parties	**5,965,760,162**	5,467,534,052	
Prepayments and other current assets	**1,365,047,387**	1,258,346,299	
Financial asset at FVOCI	**1,013,400,000**	1,270,128,000	
Advances to landowners and joint ventures	**237,504,599**	242,894,346	
Investment in an associate	**280,274,248**	279,875,774	
Property and equipment - net	**146,640,719**	160,858,357	
Investment property - net	**559,063,862**	587,082,411	
Intangible assets - net	**28,050,013**	34,262,307	
Other non-current assets	**5,190,893**	5,190,893	
	17,178,067,265	18,340,507,291	
Total assets as reported in the consolidated statements of financial position	**49,425,185,917**	49,499,134,295	

(Amounts in PHP)	**2024**	2023
Liabilities		
Segment liabilities	**5,006,101,640**	5,259,072,761
Unallocated liabilities:		
Interest-bearing loans and borrowings	**650,000,000**	850,000,000
Trade and other payables	**2,512,630,683**	2,558,733,723
Customers' deposits	**416,417,484**	426,106,702
Advances from related parties	**6,394,850,556**	6,061,736,667
Other current liabilities	**812,401,817**	754,603,734
Retirement benefit obligation	**238,098,964**	153,998,592
Deferred tax liabilities - net	**2,062,813,578**	2,071,285,858
	13,087,213,082	12,876,465,276
Total liabilities as reported in the consolidated statements of financial position	**18,093,314,722**	18,135,538,037

5. CASH AND CASH EQUIVALENTS

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

(Amounts in PHP)	**2024**	2023
Cash on hand and in banks	**1,510,537,269**	2,198,642,524
Short-term placements	**1,353,341,312**	1,518,826,976
	2,863,878,581	3,717,469,500

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 72 days in 2024, 76 days in 2023 and 2022 and earn annual effective interest ranging from 4.50% to 6.25% in 2024, 3.13% to 6.25% in 2023, and 0.38% to 5.75% in 2022. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2024, 2023 and 2022 and earn annual effective interest ranging from 1.50% to 5.25% in 2024, 1.50% to 5.00% in 2023, and 0.05% to 4.00% in 2022 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	Note	**2024**	2023
Current:			
Trade receivables	25.2	**5,305,013,429**	5,222,281,770
Advances to suppliers and contractors		**2,591,659,737**	2,934,983,423
Advances to condominium associations		**403,803,520**	375,842,604
Rent receivable	25.2	**395,271,465**	386,081,089
Interest receivable		**94,773,830**	96,333,778
Management fee receivable	25.2	**44,119**	44,119
Others		**463,998,845**	682,245,864
		9,254,564,945	9,697,812,647
Allowance for impairment		**(133,706)**	(186,202)
		9,254,431,239	9,697,626,445
Non-current:			
Trade receivables		**3,377,226,648**	3,277,067,010
Refundable security deposits		**139,469,075**	134,502,332
		3,516,695,723	3,411,569,342
		12,771,126,962	13,109,195,787

The Group's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Group for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 8% to 22%. The related interest earned on these sales contracts amounting to P28.8 million, P27.0 million, and P26.5 million in 2024, 2023 and 2022, respectively, are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 9.01% in 2024, 7.33% in 2023 and 5.75% in 2022. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P193.5 million, P172.9 million and P121.3 million in 2024, 2023 and 2022, respectively, are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day one loss amounting to P172.9 million, P121.3 million and P117.8 million in 2024, 2023 and 2022, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent down payments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that is used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either on a pro-rated basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

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 29.2(b)].

In 2024, the Group wrote off certain receivables that are fully provided with allowance amounting to P52,596 as the management assessed that those receivables are no longer collectible.

A reconciliation of the allowance for impairment at the beginning and end of the year is shown below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**186,202**	186,202
Write off	**(52,496)**	-
Balance at end of year	**133,706**	186,202

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2024 and 2023 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

(Amounts in PHP)	**2024**	2023
Residential and condominium units for sale	**14,605,650,957**	14,307,097,266
Raw land inventory	**4,424,215,132**	4,424,215,132
Property development costs	**1,892,382,884**	1,893,788,103
	20,922,248,973	20,625,100,501

The summary of the movements in real estate inventories is presented below:

(Amounts in PHP)	Notes	**2024**	2023
Balance at beginning of year		**20,625,100,501**	21,105,557,021
Effect of adoption of PFRS 15	2.1(b)	**(256,370,374)**	-
		20,368,730,127	21,105,557,021
Development costs incurred		**2,607,234,624**	1,953,911,813
Capitalized borrowing cost		**-**	63,020,051
Amount charged to cost of sales	20	**(2,053,715,778)**	(2,497,388,384)
		20,922,248,973	20,625,100,501

Prior to the adoption of the IFRS Agenda Decision on PAS 23, borrowing costs capitalized in 2023 as part of inventories amounted to P63.0 million (nil in 2024), which represent the interest costs incurred on the general borrowings obtained by the Group to fund its construction projects [see Notes 2.1(b)(i), and 14)].

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Group's interest-bearing loans and borrowings for the years ended December 31, 2024 and 2023.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of Real Estate Inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**1,270,128,000**	1,339,940,000
Fair value losses	**(256,728,000)**	(69,812,000)
Balance at end of year	**1,013,400,000**	1,270,128,000
Cost	**832,950,000**	832,950,000
Accumulated fair value gains:		
Balance at beginning of year	**437,178,000**	506,990,000
Fair value losses for the year	**(256,728,000)**	(69,812,000)
	180,450,000	437,178,000
Balance at end of year	**1,013,400,000**	1,270,128,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the Ultimate Parent Company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2024 and 2023, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P11.3 million, P16.9 million, and P13.5 million in 2024, 2023 and 2022, respectively, and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1).

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recognized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7).

In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

(Amounts in PHP)	**2024**	2023
Advances to landowners:		
Balance at beginning of year	**137,457,632**	136,561,076
Additional advances (payments)	**(5,393,047)**	896,556
Balance at end of year	**132,064,585**	137,457,632
Advances to joint ventures:		
Balance at beginning of year	**105,436,714**	105,094,814
Additional advances	**3,300**	341,900
Balance at end of year	**105,440,014**	105,436,714
	237,504,599	242,894,346

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2024 and 2023.

The net commitment for construction expenditures amounts to:

(Amounts in PHP)	**2024**	2023
Total commitment for construction expenditures	**11,205,054,936**	11,205,054,936
Total expenditures incurred	**(9,436,413,353)**	(9,187,561,472)
Net commitment	**1,768,641,583**	2,017,493,464

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2024 and 2023. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Group accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Group was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Group and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Group and the co-joint operator.

As of December 31, 2024 and 2023, the Group has no other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investment in an associate as of December 31 are as follows:

(Amounts in PHP)	**2024**	2023
Investments in associate at equity	**293,960,618**	293,960,618
Accumulated equity in net losses	**(14,084,844)**	(14,210,046)
Equity shares in net income for the year	**398,474**	125,202
Balance at end of year	**(13,686,370)**	(14,084,844)
	280,274,248	279,875,774

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues, and net profit (loss) of GPMAI as of December 31 are as follows:

(Amounts in PHP)	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Profit (Loss)
2024	**573,829,498**	**18,669,885**	**12,118,088**	**-**	**10,319,433**	**3,878,617**
2023	570,994,799	17,591,437	12,083,558	-	9,758,990	792,367
2022					3,496,283	(2,283,127)

The reconciliation of the summarized information to the carrying amount of the interest in GPMAI is as follows:

(Amounts in PHP)	**2024**	2023
Net assets at end of year	**580,381,295**	576,502,678
Share of GPMAI in net asset of MCPI	**(56,215,498)**	(53,178,075)
	524,165,797	523,324,603
Equity ownership interest	**47.37%**	47.37%
	248,297,338	247,898,864
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**280,274,248**	279,875,774

As of December 31, 2024 and 2023, there are no available fair values for this investment in an associate as this is not listed in stock markets.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interest

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

(Amounts in PHP)	**Proportion of Ownership Interest and Voting Rights Held by NCI**		**Subsidiary's Consolidated Loss Allocated to NCI**		**Accumulated Equity of NCI**	
Name	**2024**	2023	**2024**	2023	**December 31, 2024**	December 31, 2023
LBASSI	**27.50%**	27.50%	**(1,317,861)**	(1,420,269)	**75,169,746**	76,487,607
SPLI	**40.00%**	40.00%	**(76,946)**	(77,978)	**542,143,906**	542,220,852
PCMI	**60.00%**	60.00%	**(5,445,328)**	(6,345,552)	**2,160,118,386**	2,165,563,714

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

(Amounts in PHP)	**LBASSI**		**SPLI**		**PCMI**	
	2024	2023	**2024**	2023	**2024**	2023
Current assets	**1,358,255**	1,442,521	**512,198,117**	512,174,092	**2,792,331,992**	2,801,397,159
Non-current assets	**111,957,079**	114,849,887	**-**	-	**816,261,150**	816,261,150
Total assets	**113,315,334**	116,292,408	**512,198,117**	512,174,092	**3,608,593,142**	3,617,658,309
Current liabilities	**5,973,065**	3,639,945	**23,536,563**	23,320,172	**8,395,840**	8,385,460
Non-current liabilities	**5,739,497**	5,739,497	**-**	-	**-**	-
Total liabilities	**11,712,562**	9,379,442	**23,536,563**	23,320,172	**8,395,840**	8,385,460
Equity	**101,602,772**	106,912,966	**488,661,554**	488,853,920	**3,600,197,302**	3,609,272,849

	LBASSI			**SPLI**			**PCMI**		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
Revenues	**-**	-	13,637,376	**-**	-	-	**921**	891	1,090
Net loss	**(5,310,194)**	(3,934,720)	(1,387,183)	**(192,366)**	(194,946)	(200,706)	**(9,075,547)**	(10,575,921)	(8,312,916)
Net cash used in operating activities	**-**	-	(19,843,896)	**(202,234)**	(299,740)	(220,770)	**(195,084)**	(263,551)	(186,473)
Net cash from investing activities	**-**	-	4,420,960	**-**	-	-	**-**	-	-
Net cash from financing activities	**-**	-	1,808,489	**205,411**	376,996	214,551	**-**	-	-
Net cash inflow (outflow)	**-**	-	(13,614,447)	**3,177**	77,256	(6,219)	**(195,084)**	(263,551)	(186,473)

In 2024, 2023 and 2023, LBASSI, SPLI and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2024 and 2023, the Group has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

11. PROPERTY AND EQUIPMENT

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

(Amounts in PHP)	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
December 31, 2024							
Cost	81,095,000	92,376,453	97,269,393	56,290,358	134,461,386	42,663,054	504,155,644
Accumulated depreciation and amortization	-	(61,862,822)	(91,360,395)	(50,649,121)	(129,493,574)	(24,149,013)	(357,514,925)
Net carrying amount	**81,095,000**	**30,513,631**	**5,908,998**	**5,641,237**	**4,967,812**	**18,514,041**	**146,640,719**
December 31, 2023							
Cost	81,095,000	92,376,453	96,912,251	56,926,304	131,770,269	42,663,054	501,743,331
Accumulated depreciation and amortization	-	(59,024,808)	(88,110,105)	(52,516,699)	(126,832,381)	(14,400,981)	(340,884,974)
Net carrying amount	81,095,000	33,351,645	8,802,146	4,409,605	4,937,888	28,262,073	160,858,357
January 1, 2023							
Cost	81,095,000	92,376,453	92,141,300	54,852,804	137,284,205	-	457,749,762
Accumulated depreciation and amortization	-	(55,060,371)	(82,370,476)	(53,109,590)	(135,065,156)	-	(325,605,593)
Net carrying amount	81,095,000	37,316,082	9,770,824	1,743,214	2,219,049	-	132,144,169

A reconciliation of the carrying amounts at the beginning and end of 2024, 2023 and 2022 is shown as follows:

(Amounts in PHP)	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
Balance at January 1, 2024, net of accumulated depreciation, amortization, and impairment	81,095,000	33,351,645	8,802,146	4,409,605	4,937,888	28,262,073	160,858,357
Additions	-	-	357,142	2,983,518	2,725,027	-	6,065,687
Disposal	-	-	-	(297,247)	-	-	(297,247)
Depreciation and amortization charges for the year	-	(2,838,014)	(3,250,290)	(1,454,639)	(2,695,103)	(9,748,032)	(19,986,078)
Net carrying amount at December 31, 2024	**81,095,000**	**30,513,631**	**5,908,998**	**5,641,237**	**4,967,812**	**18,514,041**	**146,640,719**
Balance at January 1, 2023, net of accumulated depreciation, amortization, and impairment	81,095,000	37,316,082	9,770,824	1,743,214	2,219,049	-	132,144,169
Additions	-	-	4,770,951	4,173,679	4,787,946	42,663,054	56,395,630
Write off	-	-	-	-	(232,766)	-	(232,766)
Depreciation and amortization charges for the year	-	(3,964,437)	(5,739,629)	(1,507,288)	(1,836,341)	(14,400,981)	(27,448,676)
Net carrying amount at December 31, 2023	81,095,000	33,351,645	8,802,146	4,409,605	4,937,888	28,262,073	160,858,357
Balance at January 1, 2022, net of accumulated depreciation, amortization, and impairment	81,095,000	40,038,676	13,746,585	4,123,759	5,929,988	-	144,934,008
Additions	-	-	-	378,570	1,001,188	-	1,379,758
Disposal	-	(88,129)	-	(141,283)	(1,334,932)	-	(1,564,344)
Depreciation and amortization charges for the year	-	(2,634,465)	(3,975,761)	(2,617,832)	(3,377,195)	-	(12,605,253)
Net carrying amount at December 31, 2022	81,095,000	37,316,082	9,770,824	1,743,214	2,219,049	-	132,144,169

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

In 2024 and 2023, the Group derecognized certain fully depreciated transportation equipment with a cost of P3.2 million and P2.1 million, respectively, and certain furniture and fixtures with a carrying value of P0.2 million in 2023. There was no similar transaction in 2022.

In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. In 2023, such cost of leasehold improvements were considered as part of lease credits in the Group's new lease agreement with Megaworld (see Note 17). There were no similar transactions in 2024 and 2022.

The Group sold various fixed assets with total carrying value of P0.3 million in 2024 and P1.6 million in 2022. The Group received proceeds amounting to P0.4 million and P4.6 million from the sale of property and equipment and recognized gain amounting to P0.1 million and P3.0 million in 2024 and 2022, respectively, and is presented as part of Miscellaneous under Other Income in the Revenue and Income section of the consolidated statements of comprehensive income (see Note 21.1). There were no similar transactions in 2023.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2024, 2023 and 2022 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P254.6 million and P281.0 million as of December 31, 2024 and 2023, respectively.

12. INTANGIBLE ASSETS

This account is composed of the following:

(Amounts in PHP)	**2024**	2023
Software licenses	**27,070,890**	33,283,184
Goodwill	**979,123**	979,123
	28,050,013	34,262,307

In 2023, the Group has recognized an impairment loss on goodwill related to LBASSI amounting to P77.3 million (see Note 3.2). The remaining goodwill arose from the acquisition of VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and allowance for impairment of goodwill at the beginning and end of 2024 and 2023 are shown below.

(Amounts in PHP)	
Cost	78,326,757
Allowance for impairment	(77,347,634)
Net carrying amount	**979,123**

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2024 and 2023 are shown below.

(Amounts in PHP)	**2024**	2023
Cost	**62,122,935**	62,122,935
Accumulated amortization	**(35,052,045)**	(28,839,751)
Net carrying amount	**27,070,890**	33,283,184

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2024, 2023 and 2022 is shown below.

(Amounts in PHP)	**2024**	2023	2022
Balance at beginning of year	**34,262,307**	117,822,235	116,628,807
Amortization expense for the year	**(6,212,294)**	(6,212,294)	(6,212,294)
Impairment loss on goodwill	**-**	(77,347,634)	-
Additions	**-**	-	7,405,722
Balance at end of year	**28,050,013**	34,262,307	117,822,235

The impairment loss on goodwill is presented as part of Other Expenses account, while the amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income (see Note 21.2).

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2024 and 2022 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from the Group's operating leases recognized for the years ended December 31, 2024, 2023 and 2022 amounted to P121.7 million, P92.8 million, and P72.4 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. There is no rental income arising from finance lease in 2024, 2023 and 2022. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P2.3 million in 2024, P1.5 million in 2023 and 2022 and repairs and maintenance amounting to P1.8 million, P2.6 million, and P1.8 million, in 2024, 2023 and 2022, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the consolidated statements of comprehensive income (see Note 21.2).

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

(Amounts in PHP)	**2024**	2023	2022
Fixed	**82,709,280**	81,021,234	60,145,927
Variable	**38,957,633**	11,768,292	12,284,970
	121,666,913	92,789,526	72,430,897

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

(Amounts in PHP)		**Held for Lease**		
	Land	**Building**	**Other Properties**	**Total**
December 31, 2024				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(40,892,129)	(373,818,545)	(414,710,674)
Net carrying value	**1,040,000**	**6,382,011**	**551,641,851**	**559,063,862**
December 31, 2023				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	1,040,000	8,509,347	577,533,064	587,082,411
January 1, 2022				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(36,637,457)	(322,036,119)	(358,673,576)
Net carrying value	1,040,000	10,636,683	603,424,277	615,100,960

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

		Held for Lease		
(Amounts in PHP)	**Land**	**Building**	**Other Properties**	**Total**
Balance at January 1, 2024, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2024, net of accumulated depreciation	**1,040,000**	**6,382,011**	**551,641,851**	**559,063,862**
Balance at January 1, 2023, net of accumulated depreciation	1,040,000	10,636,683	603,424,277	615,100,960
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411
Balance at January 1, 2022, net of accumulated depreciation	1,040,000	12,764,019	629,315,490	643,119,509
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2022, net of accumulated depreciation	1,040,000	10,636,683	603,424,277	615,100,960

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2024, 2023 and 2022 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings from local bank is discussed below.

(Amounts in PHP)

2024	2023	Interest Rate	Interest Rate	Maturity
650,000,000	850,000,000	Floating rate at 8.5% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Group obtained an interest-bearing, unsecured 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 per annum. The proceeds were used to fund the development of the Group's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Group to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2024 and 2023, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2024, 2023, and 2022 amounted to P65.7 million, P80.4 million, and P52.5 million, respectively (see Note 22.2). The related interest amounting to P63.0 million in 2023 is capitalized as part of Real Estate Inventories account in the 2023 consolidated statement of financial position. Unpaid interest as of December 31, 2024 and 2023 amounted to P8.6 million, and P11.9 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 8.04% in 2023 (see Note 7). There was no similar transaction in 2022. As a result of the adoption of the IFRIC Agenda Decision on PAS 23 in 2024, no borrowing costs are capitalized on the Group's real estate inventories.

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

(Amounts in PHP)	**2024**	2023
Current	**200,000,000**	200,000,000
Non-current	**450,000,000**	650,000,000
	650,000,000	850,000,000

15. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Note	**2024**	2023
Trade payable		**2,158,166,886**	2,342,747,639
Accrued expenses		**179,767,902**	70,669,220
Taxes payable		**165,880,217**	133,177,197
Interest payable	14	**8,615,678**	11,939,667
Miscellaneous		**200,000**	200,000
		2,512,630,683	2,558,733,723

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

(Amounts in PHP)	**2024**	2023
Advances from customers	**3,567,815,251**	3,884,867,069
Other deposits	**1,175,850,542**	1,255,908,906
	4,743,665,793	5,140,775,975

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

In 2023, the Group entered into a lease agreement for its office spaces with remaining lease terms of three years. No lease liabilities were recognized due to lease credits granted to the Group amounting to P106.1 million, which is presented as part of Other Income in the 2023 consolidated statement of comprehensive income (see Note 21.1). These lease credits represent the cost of leasehold improvements and expenses incurred by the Group in its previously pre-terminated lease agreement with Megaworld, which was later reimbursed by way of application to the Group's future lease payments to Megaworld (see Note 11).

In 2024 and 2023, portions of the lease credits amounting to P51.4 million and P42.7 million, respectively, were applied as payment for the lease agreement with Megaworld. The remaining lease credits amounting to P12.0 million and P63.4 million in 2024 and 2023, respectively, were presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

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

The December 31, 2024, 2023, and 2022 expenses relating short-term leases amounted to P19.8 million, P13.0 million, and P13.5 million, respectively, are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

(Amounts in PHP)	Notes	**2024**	2023
Retention payable		**749,941,703**	694,122,718
Refund liability	21.2	**396,218,713**	287,636,550
Refundable deposits	28.1	**50,913,269**	48,934,172
Miscellaneous		**11,546,846**	11,546,845
		1,208,620,531	1,042,240,285

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2024, 2023, and 2022 amounted to P111.7 million, P57.8 million, and P44.2 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the consolidated statement of comprehensive income (see Note 21.2).

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below.

(Amounts in PHP)	**2024**	2023	2022
Geographical areas			
Within Metro Manila	**3,004,498,017**	3,439,460,043	3,130,268,670
Outside Metro Manila	**238,144,981**	558,078,226	669,696,970
	3,242,642,998	3,997,538,269	3,799,965,640
Types of product or services			
Residential condominium	**3,136,454,171**	3,651,882,437	3,566,584,650
Residential lots and house and lots	**106,188,827**	345,655,832	233,380,990
	3,242,642,998	3,997,538,269	3,799,965,640

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets as of December 31 are classified as follows:

(Amounts in PHP)	**2024**	2023
Current	**2,498,252,566**	2,534,011,730
Non-current	**768,746,952**	207,184,338
	3,266,999,518	2,741,196,068

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

(Amounts in PHP)	Notes	**2024**	2023
Balance at beginning of year		**2,741,196,068**	2,583,113,379
Effect of adoption of PFRS 15	2.1(b)	**(202,715,531)**	-
		2,538,480,537	2,583,113,379
Increase as a result of changes in measurement of progress		**572,668,405**	1,131,957,897
Accretion of interest income from significant financing component	22.1	**155,850,576**	-
Transfers from contract assets recognized at the beginning of year to trade receivables		**-**	(973,875,208)
Balance at end of year		**3,266,999,518**	2,741,196,068

b. Contract Liabilities

The Group's contract liabilities as of December 31 are classified as follows:

(Amounts in PHP)	**2024**	2023
Current	**170,000,828**	96,357,478
Non-current	**112,633,789**	160,409,459
	282,634,617	256,766,937

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

(Amounts in PHP)	Notes	**2024**	2023
Balance at beginning of year		**256,766,937**	308,855,445
Effect of adoption of PFRS 15	2.1(b)	**17,348,096**	-
		274,115,033	308,855,445
Increase (decrease) due to cash received in excess of performance to date		**23,177,108**	(27,218,382)
Revenue recognized that was included in contract liabilities at the beginning of year		**(22,650,120)**	(24,870,126)
Accretion of interest expense from significant financing component	22.2	**7,992,596**	-
Balance at end of year		**282,634,617**	256,766,937

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position. 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 revenue contracts. The total amount of amortization for 2024, 2023, and 2022 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2024 and 2023 are presented below.

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**353,313,187**	286,738,125
Additional capitalized cost	**156,217,463**	120,344,045
Amortization for the year	**(40,325,268)**	(53,768,983)
Balance at end of year	**469,205,382**	353,313,187

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2024 and 2023 is P6.1 billion and P4.7 billion, respectively. As of December 31, 2024 and 2023, the Group expects to recognize revenue from unsatisfied contracts as presented below.

(Amounts in PHP)	**2024**	2023
Within a year	**2,913,019,941**	2,061,764,238
More than one year to three years	**3,008,620,097**	2,083,346,476
More than three years to five years	**228,062,716**	546,532,407
Balance at end of year	**6,149,702,754**	4,691,643,121

20. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

(Amounts in PHP)	**2024**	2023	2022
Contracted services	**1,800,065,159**	2,097,483,149	1,902,020,736
Land cost	**224,542,314**	286,217,315	234,409,831
Borrowing cost	**-**	75,798,696	40,525,285
Other costs	**29,108,305**	37,889,224	51,065,163
	2,053,715,778	2,497,388,384	2,228,021,015

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Forfeited collections and deposits		**522,563,375**	247,937,294	131,996,577
Marketing and management fees	25.2	**91,611,260**	115,119,420	145,106,942
Income from lease credits	17	**-**	106,091,000	-
Tuition and miscellaneous fees		**-**	-	13,637,376
Miscellaneous	11	**10,241,697**	4,292,176	5,534,273
		624,416,332	473,439,890	296,275,168

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include manning charges, registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrollment.

21.2 Other Expenses

The breakdown of this account is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Provision for refund liability	18	**111,670,352**	57,795,155	44,213,877
Repairs and maintenance	13	**35,036,943**	10,152,921	6,431,019
Professional fees	25.3	**26,769,046**	12,093,101	5,400,740
Rentals	17	**19,782,740**	12,955,227	13,487,284
Security services		**18,943,242**	11,099,402	7,201,534
Utilities		**16,911,713**	15,360,839	14,893,935
Computer license subscription		**13,333,781**	4,413,127	5,303,189
Outside services		**12,558,756**	1,256,786	493,868
Janitorial services		**12,144,154**	5,525,555	10,916,172
Insurance		**11,413,934**	6,674,259	4,279,546
Office supplies		**8,416,762**	2,189,651	1,920,155
Training, seminars and other benefits		**5,637,172**	6,915,628	1,598,349
Marketing events and awards		**3,938,543**	4,827,844	2,124,595
Documentation		**2,346,785**	1,620,282	1,080,904
Representation		**446,082**	208,212	298,346
Impairment loss on goodwill	12	**-**	77,347,634	-
Miscellaneous		**8,272,510**	4,037,225	2,598,418
		307,622,515	234,472,848	122,241,931

Miscellaneous expenses include bank charges, motor vehicle registration and others.

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Interest income:				
Advances to related parties	25.1	**446,129,092**	341,017,636	302,459,256
Significant financing component	19.2(a)	**155,850,576**	-	-
Cash and cash equivalents	5	**91,440,493**	80,949,550	30,753,942
Trade and other receivables	6	**28,827,986**	27,007,752	26,482,239
Tuition fees		**-**	-	223,759
Amortization of day-one loss on noninterest-bearing financial instruments	6	**172,877,182**	121,259,226	117,776,313
Dividend income	8	**11,260,000**	16,890,000	13,512,000
Foreign currency gain - net		**7,273,446**	315,709	169,007
		913,658,775	587,439,873	491,376,516

22.2 Finance Costs

The breakdown of finance costs is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Interest expense on advances from related parties	25.1	**405,541,070**	370,332,612	340,333,360
Bank loans	14	**65,748,636**	17,360,365	52,478,297
Net interest expense on post-employment defined benefit obligation	23.2	**12,580,409**	3,399,996	5,994,727
Significant financing component	19.2(b)	**7,992,596**	-	-
		491,862,711	391,092,973	398,806,384

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

(Amounts in PHP)	Note	**2024**	2023	2022
Short-term benefits		**435,323,774**	407,014,182	369,691,292
Post-employment benefits	23.2	**32,839,653**	24,088,024	28,811,301
		468,163,427	431,102,206	398,502,593

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit 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 final monthly salary for every year of credited service but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Consolidated Financial Statements

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

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

(Amounts in PHP)	**2024**	2023
Present value of the obligation	**602,557,070**	577,559,995
Fair value of the assets	**(364,458,106)**	(423,561,403)
	238,098,964	153,998,592

The movements in the present value of the post-employment DBO recognized in the books are as follows:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**577,559,995**	429,740,305
Interest expense	**37,402,074**	32,071,256
Current service cost	**32,839,653**	24,088,024
Remeasurements:		
Actuarial losses (gains) arising from:		
Experience adjustments	**18,437,581**	(1,680,455)
Changes in financial assumptions	**13,305,192**	99,593,708
Changes in demographic assumptions	**8,309,751**	4,141,883
Benefits paid	**(85,297,176)**	(10,394,726)
Balance at end of year	**602,557,070**	577,559,995

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

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**423,561,403**	362,019,803
Benefits paid	**(85,297,176)**	(10,394,726)
Interest income	**24,821,665**	28,671,260
Actual contribution	**3,250,000**	53,500,000
Loss on plan assets (excluding amounts included in net interest)	**(1,877,786)**	(10,234,934)
Balance at end of year	**364,458,106**	423,561,403

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

(Amounts in PHP)	**2024**	2023
Cash and cash equivalents	**231.4**	336.9
Investment in government issued debt securities	**133.1**	86.7
	364.5	423.6

The plan assets earned a return of P22.9 million, P18.4 million and 1.8 million in 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

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

(Amounts in PHP)	Notes	**2024**	2023	2022
Reported in profit or loss:				
Current service cost	23.1	**32,839,653**	24,088,024	28,811,301
Net interest expense	22.2	**12,580,409**	3,399,996	5,994,727
		45,420,062	27,488,020	34,806,028
Reported in other comprehensive income:				
Actuarial gains (losses) arising from:				
- experience adjustments		**(18,437,581)**	1,680,455	(34,571,389)
- changes in financial assumptions		**(13,305,192)**	(99,593,708)	81,517,258
- demographic assumptions		**(8,309,751)**	(4,141,883)	21,939,946
Loss on plan assets (excluding amounts included in net interest)		**(1,877,786)**	(10,234,934)	(15,660,482)
		(41,930,310)	(112,290,070)	53,225,333

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 23.1) while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 22.2).

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

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2024	2023	2022
EELHI:			
Discount rates	**6.11%**	6.56%	7.54%
Expected rate of salary increases	**6.00%**	6.00%	4.00%
EPHI:			
Discount rates	**6.15%**	6.04%	7.10%
Expected rate of salary increases	**6.32%**	6.81%	6.16%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 to 65 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	27
EPHI	60	17

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating the terms of the retirement 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 and 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 reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after 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 strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

(Amounts in PHP)	**Impact on Post-employment Benefit Obligation**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2024			
EELHI			
Discount rate	**+7.3%/-8.3%**	**(36,603,911)**	**41,895,892**
Salary increase rate	**+8.3%/-7.4%**	**41,522,960**	**(36,965,740)**
EPHI			
Discount rate	**+/-0.5%**	**(2,991,909)**	**3,272,690**
Salary increase rate	**+/-1.0%**	**6,377,735**	**(5,490,264)**
2023			
EELHI			
Discount rate	+7.0%/-8.1%	(33,690,228)	39,049,479
Salary increase rate	+8.0%/-7.1%	38,876,517	(34,155,083)
EPHI			
Discount rate	+/-0.5%	(3,296,529)	3,561,268
Salary increase rate	+/-1.0%	6,598,703	(6,065,819)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the 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

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

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

(iii) Funding Arrangements and Expected Contributions

The plans are currently underfunded by P238.1 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 to 20 years' time when a significant number of employees is expected to retire.

The Group expects to make a contribution of at least P53.3 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

(Amounts in PHP)	**2024**	2023
Within one year	**202,205,422**	233,389,173
More than one year to five years	**65,488,416**	69,425,699
More than five years to 10 years	**389,468,040**	250,680,503
More than 10 years to 15 years	**45,425,892**	47,848,610
More than 15 years to 20 years	**89,200,000**	108,613,342
More than 20 years	**133,162,434**	151,371,858
	924,950,204	861,329,185

The weighted average duration of the DBO at the end of the reporting period is 7.8 to 13 years.

24. TAX EXPENSE

The components of tax expense reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

(Amounts in PHP)	**2024**	2023	2022
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%, 20% and 10% in 2024 and 2023 and 25%, 20% and 1% in 2022	**133,993,061**	92,737,922	138,094,908
Final tax at 20%, 15% and 7.5%	**18,185,780**	16,154,222	6,134,086
Minimum corporate income tax (MCIT) at 2%	**1,012,195**	-	-
	153,191,036	108,892,144	144,228,994
Reported in other comprehensive loss (income) –			
Deferred tax expense relating to origination and reversal of temporary differences	**54,613,894**	111,107,012	96,975,866
	207,804,930	219,999,156	241,204,860

(Amounts in PHP)	**2024**	2023	2022
Reported in other comprehensive income or loss			
Deferred tax expense (income) relating relating to:			
Origination and reversal of temporary differences	**(10,482,578)**	(28,072,519)	13,306,334

LBASSI, as an educational institution, is subject to 10% tax rate on its taxable income as defined under the tax regulations of the National Internal Revenue Code Section 27(B).

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

(Amounts in PHP)	**2024**	2023	2022
Tax on pre-tax profit at 25%, 20% and 10% in 2024 and 2023 and 25%, 20% and 1% in 2022	**222,758,890**	264,703,460	239,018,108
Adjustment for income subjected to lower income tax rates	**(4,674,333)**	(4,083,157)	(1,553,446)
Tax effects of:			
Non-taxable income on forfeited collections	**(32,186,712)**	(48,230,566)	(285,708)
Non-deductible taxes and licenses	**7,996,056**	3,292,722	2,710,567
Non-deductible interest expense	**6,569,144**	4,046,398	1,536,540
Others – net	**7,341,885**	270,299	(221,201)
	207,804,930	219,999,156	241,204,860

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		**Consolidated Statement of Profit or Loss**		
(Amounts in PHP)	**2024**	2023	**2024**	2023	2022
Deferred tax assets:					
Provision for refund liability	**99,054,677**	71,909,137	**(27,145,540)**	(13,983,010)	(10,355,166)
Retirement benefit obligation	**59,524,741**	38,499,648	**(10,542,515)**	6,502,996	3,923,492
	158,579,418	110,408,785	**(37,688,055)**	(7,480,014)	(6,431,674)
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,096,466,090)**	(2,033,618,301)	**62,847,789**	127,381,806	122,945,667
Deferred commission	**(117,301,347)**	(88,328,299)	**28,973,048**	16,643,766	6,936,533
Right of use assets – net	**(4,628,511)**	(7,065,519)	**(2,437,008)**	7,065,519	-
Unrealized foreign exchange loss - net	**(1,818,363)**	(78,928)	**1,739,435**	36,675	35,465
Rental income recognized based on PFRS 16	**(1,178,685)**	-	**1,178,685**	-	
Capitalized borrowing cost	**-**	(52,603,596)	**-**	(32,540,740)	(26,510,125)
	(2,221,392,996)	(2,181,694,643)	**92,301,949**	118,587,026	103,407,540
Deferred Tax Expense			**54,613,894**	111,107,012	96,975,866
Net Deferred Tax Liabilities	**(2,062,813,578)**	(2,071,285,858)			

The deferred tax expense presented in Other Comprehensive Income (Loss) section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation which resulted to a tax income amounting to P10.5 million in 2024, P28.1 million in 2023, and a tax expense amounting to P13.3 million in 2022.

In 2024 and 2023, the Group is subject to the MCIT, which is computed at 2% and 1%, respectively, of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher.

Presented below are the details of the Group's remaining net operating loss carry over (NOLCO), which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred. NOLCO incurred for the taxable years 2021 and 2020 can be claimed as a deduction from the future taxable income until 2026 and 2025, respectively, in accordance with R.A. 11494, *Bayanihan to Recover as One Act.*

(Amounts in PHP)

Year	Original Amount	Expired Amount	Remaining Balance	Valid Until
2024	15,388,592	-	15,388,592	2027
2023	15,512,903	-	15,512,903	2026
2022	9,319,501	-	9,319,501	2025
2021	28,708,937	-	28,708,937	2026
2020	11,885,277	-	11,885,277	2025
	80,815,210	**-**	**80,815,210**	

PCMI, LBASSI, EECI, SPLI, SOHI, VVPI and 20th Century did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2024 for which the related deferred tax asset has not been recognized amounted to a total of P15.4 million with a total tax effect of P3.0 million.

In 2024, 2023 and 2022, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, the Parent Company, related parties under common ownership, associate, key management personnel, and the Group's retirement plan as described in the succeeding pages.

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 significant transactions and outstanding balances with its related parties are as follows:

(Amounts in PHP) Related Party Category	Notes	Amount of Transactions 2024	2023	2022	Outstanding Balance 2024	2023
Ultimate Parent:						
Financial assets at FVOCI	8	**(256,728,000)**	(69,812,000)	11,260,000	**1,013,400,000**	1,270,128,000
Dividend income	8, 22.1	**11,260,000**	16,890,000	13,512,000	**11,260,000**	16,890,000
Parent:						
Right-of-use assets	11	**9,748,032**	14,400,981	-	**18,514,041**	28,262,073
Lease credits	17	**(51,385,426)**	106,091,000	-	**12,042,520**	63,427,946
Repayment of advances - net	25.1, 25.4	**4,891,885**	4,513,635	5,027,487	**(5,737,525,504)**	(5,354,893,778)
Interest expense	22.2, 25.1	**(387,523,611)**	(349,390,876)	(316,098,291)	**-**	-
Commission income	25.2	**35,514,891**	37,121,681	29,635,160	**685,207,769**	665,483,335
Obtaining of services	25.3	**1,141,140**	1,244,880	1,037,400	**-**	-
Associate –						
Availment of advances	25.1	**4,517,837**	2,817,756	2,211,467	**(374,343,362)**	(378,861,199)
Under common ownership:						
Granting of advances	25.1	**52,097,018**	41,858,557	34,422,761	**5,965,760,162**	5,467,534,052
Interest income	22.1, 25.1	**446,129,092**	341,017,636	302,459,256	**-**	-
Repayment of advances	25.1	**63,017,459**	65,941,736	64,235,069	**(282,981,690)**	(327,981,690)
Interest expense	22.2, 25.1	**(18,017,459)**	(20,941,736)	(24,235,069)	**-**	-
Management services	25.2	**47,344,889**	80,287,703	113,133,951	**44,119**	44,119
Lease of property	25.2	**41,135,041**	34,201,327	32,088,357	**4,714,741**	-
Obtaining of services	25.3	**21,569,706**	-	-	**-**	-
Key management personnel						
Compensation	25.5	**76,595,422**	84,889,579	83,854,398	**-**	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible, or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

There were no impairment losses recognized on the outstanding receivables from related parties in 2024, 2023 and 2022 based on management's ECL assessment.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its Parent company, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties are interest-bearing with interest rates ranging from 12.00% to 15.00% both in 2024 and 2023. The interest income arising from these interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown below and in the succeeding page.

(Amounts in PHP)	Note	**2024**	2023
Balance at beginning of year		**5,467,534,052**	5,084,657,859
Interest income	22.1	**446,129,092**	341,017,636
Additional advances		**69,804,896**	41,858,557
Reclassification		**(14,227,860)**	-
Collections		**(3,480,018)**	-
Balance at end of year		**5,965,760,162**	5,467,534,052

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its Parent Company, associate, and certain related parties under common ownership. Some of the advances from related parties are interest-bearing with interest rates ranging from 7.00% to 12.00% both in 2024 and 2023. The details as of December 31 are as follows:

(Amounts in PHP)	**2024**	2023
Parent	**5,737,525,504**	5,354,893,778
Associate	**374,343,362**	378,861,199
Related parties under common ownership	**282,981,690**	327,981,690
	6,394,850,556	6,061,736,667

The movements in the Advances from Related Parties account is shown below.

(Amounts in PHP)	Note	**2024**	2023
Parent:			
Balance at beginning of year		**5,354,893,778**	5,010,016,537
Accrued interests	22.2	**387,523,611**	349,390,876
Repayments		**(4,891,885)**	(4,519,394)
Additions		**-**	5,759
Balance at end of year		**5,737,525,504**	5,354,893,778
Associate:			
Balance at beginning of year		**378,861,199**	381,678,955
Repayments		**(4,517,837)**	(2,817,756)
Balance at end of year		**374,343,362**	378,861,199
Other related parties under common ownership:			
Balance at beginning of year		**327,981,690**	372,981,690
Repayments		**(63,017,459)**	(65,941,736)
Accrued interests	22.2	**18,017,459**	20,941,736
Balance at end of year		**282,981,690**	327,981,690

Cash advances from Parent company and other related parties under common ownership bear fixed interest rate ranging between 7% and 12% per annum in 2024, 2023 and 2022. Interest expense is presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2).

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
(Amounts in PHP)	**2024**	2023	2022
Parent:			
Commission income	**35,514,891**	37,121,681	29,635,160
Other related parties under common ownership:			
Management services	**47,344,889**	80,287,703	113,133,951
Lease of property	**41,135,041**	34,201,327	32,088,357
	88,479,930	114,489,030	145,222,308
	123,994,821	151,610,711	174,857,468

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recognized as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to a related party under common ownership in 2024, 2023, and 2022. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Obtaining of Services

The Group incurred management fees for accounting and marketing services obtained from its Parent Company and a related party under common ownership amounting to P22.7 million, P1.2 million and P1.0 million in 2024, 2023, and 2022, respectively, and is presented as part of Professional Fees under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2024 and 2023.

25.4 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the Parent company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.5 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

(Amounts in PHP)	**2024**	2023	2022
Short-term benefits	**64,642,439**	64,860,294	59,695,978
Post-employment benefits	**11,952,983**	20,029,285	24,158,420
	76,595,422	84,889,579	83,854,398

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023, and 2022 (see Note 23.1).

25.6 Retirement Plan

The Group has a formal retirement plan established separately for EELHI and EPHI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2024 and 2023 are presented in Note 23.2. As of December 31, 2024 and 2023, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

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

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2024 and 2023 consists of:

(Amounts in PHP)	**No. of Shares**	**Amount**
Common shares – P1 par value		
Authorized	31,495,200,000	31,495,200,000
Issued	14,803,455,238	14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	2,000,000,000

Megaworld has 81.73% ownership interest in the Group as of December 31, 2024 and 2023.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2024 and 2023.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2024, 2023, and 2022, there are 12,252, 12,297 and 12,336 shareholders of the listed shares, respectively. The shares were listed and closed at a price of P0.12, P0.13 and P0.19 per share as of December 27, 2024 and 2023, and December 31, 2022, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2024 and 2023.

26.3 Treasury Stock

On March 23, 2006, the Group's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2024 and 2023, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Group.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of re-measurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

(Amounts in PHP)	**Financial Assets at FVOCI** (see Note 8)	**Retirement Benefit Obligation** (see Note 23.2)	**Total**
Balance as of January 1, 2024	437,178,000	110,446,726	547,624,726
Remeasurement of retirement benefit obligation	-	(41,930,310)	(41,930,310)
Fair value losses on FVOCI	(256,728,000)	-	(256,728,000)
Other comprehensive loss before tax for the year	(256,728,000)	(41,930,310)	(298,658,310)
Tax income	-	10,482,578	10,482,578
Other comprehensive loss after tax for the year	(256,728,000)	(31,447,732)	(288,175,732)
Balance as of December 31, 2024	**180,450,000**	**78,998,994**	**259,448,994**
Balance as of January 1, 2023	506,990,000	194,664,277	701,654,277
Remeasurement of retirement benefit obligation	-	(112,290,070)	(112,290,070)
Fair value losses on FVOCI	(69,812,000)	-	(69,812,000)
Other comprehensive loss before tax for the year	(69,812,000)	(112,290,070)	(182,102,070)
Tax income	-	28,072,519	28,072,519
Other comprehensive loss after tax for the year	(69,812,000)	(84,217,551)	(154,029,551)
Balance as of December 31, 2023	437,178,000	110,446,726	547,624,726
Balance as of January 1, 2022	495,730,000	154,745,278	650,475,278
Remeasurement of retirement benefit obligation	-	53,225,333	53,225,333
Fair value gains on FVOCI	11,260,000	-	11,260,000
Other comprehensive income before tax for the year	11,260,000	53,225,333	64,485,333
Tax expense	-	(13,306,334)	(13,306,334)
Other comprehensive income after tax for the year	11,260,000	39,918,999	51,178,999
Balance as of December 31, 2022	506,990,000	194,664,277	701,654,277

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Note 1.1).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

(Amounts in PHP)	**2024**	2023	2022
Net profit attributable to parent Group's shareholders	**687,121,209**	765,784,371	720,214,688
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**0.047**	0.052	0.049

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2024, 2023 and 2022.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating 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 parking spaces.

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 Refundable deposits under Other Current Liabilities in the consolidated statements of financial position (see Note 18).

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

(Amounts in PHP)	**2024**	2023	2022
Within one year	**92,465,532**	87,091,504	60,486,736
After one year but not more than two years	**77,502,033**	66,419,329	30,607,954
After two years but not more than three years	**56,244,394**	57,583,883	19,311,320
After three years but not more than four years	**22,599,392**	48,775,972	15,485,223
After four years but not more than five years	**-**	22,599,392	6,566,925
More than five years	**-**	-	1,004,708
	248,811,351	282,470,080	133,462,866

The total rentals from these operating leases amounted to about P134.2 million, P107.5 million, and P89.6 million in 2024, 2023, and 2022, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2024, and 2023, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P1,520.0 million as of December 31, 2024 and 2023. The Group has unused lines of credit amounting to P520.0 million as of December 31, 2024 and 2023.

28.4 Capital Commitments

As of December 31, 2024, and 2023, the Group has commitments amounting to P1.8 billion and P2.0 billion for the construction expenditures in relation to the Group's joint venture (see Note 9).

28.5 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which is 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, taken as a whole.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Group is exposed to are described below and in the succeeding pages.

29.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the consolidated financial statements as of December 31, 2024 and 2023 (see Note 22.1). The Group has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2024 and 2023, the Group has an outstanding long-term loan with a variable interest rate (see Note 14).

There is no fixed rate debt in 2024, 2023 and 2022.

As of December 31, 2024 and 2023, the Group is exposed to other changes in market interest through its cash and cash equivalents and other fixed rate long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). 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 investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility 4.8% and 5.4% has been observed during 2024 and 2023, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P36.7 million and P51.8 million in 2024 and 2023, respectively.

The investments in quoted 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 not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

(Amounts in PHP)	Notes	**2024**	2023
Cash and cash equivalents	5	**2,863,878,581**	3,717,469,500
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**9,775,663,705**	9,798,369,760
Contract assets	19.2	**3,266,999,518**	2,741,196,068
Advances to related parties	25.1	**5,965,760,162**	5,467,534,052
		21,872,301,966	21,724,569,380

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described below and in the succeeding pages.

(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 and Contract Assets

Trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from real estate sales. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented in the below.

(Amounts in PHP)	**Gross Maximum Exposure**	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
2024				
Contract assets	3,266,999,518	17,357,759,211	-	3,266,999,518
Contract receivables	7,966,247,858	27,721,663,399	-	7,966,247,858
	11,233,247,376	**45,079,422,610**	**-**	**11,233,247,376**
2023				
Contract assets	2,741,196,068	11,392,051,862	-	2,741,196,068
Contract receivables	7,702,542,915	20,562,776,892	-	7,702,542,915
	10,443,738,983	31,954,828,754	-	10,443,738,983

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

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. The trade receivables that are past due but not impaired are as follows:

(Amounts in PHP)	**2024**	2023
Not more than three months	**267,859,203**	190,494,813
More than three months but not more than six months	**381,995,646**	312,624,389
More than six months but not more than one year	**458,683,713**	340,066,126
More than one year	**195,219,873**	124,782,369
	1,303,758,435	967,967,697

(c) *Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties*

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2024 and 2023, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2024 and 2023.

(Amounts in PHP)	**Neither Past Due nor Specifically Impaired**			**Past Due but Not Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
2024					
Cash and cash equivalents	2,863,878,581	-	-	-	2,863,878,581
Trade and other receivables	-	8,471,905,270	-	1,303,758,435	9,775,663,705
Contract assets	-	3,266,999,518	-	-	3,266,999,518
Advances to related parties	-	5,965,760,162	-	-	5,965,760,162
	2,863,878,581	**17,704,664,950**	**-**	**1,303,758,435**	**21,872,301,966**
2023					
Cash and cash equivalents	3,717,469,500	-	-	-	3,717,469,500
Trade and other receivables	-	8,830,402,063	-	967,967,697	9,798,369,760
Contract assets	-	2,741,196,068	-	-	2,741,196,068
Advances to related parties	-	5,467,534,052	-	-	5,467,534,052
	3,717,469,500	17,039,132,183	-	967,967,697	21,724,569,380

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

29.3 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 basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods 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. 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, the Group's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	**Within One Year**	**One to Five Year**	**More than Five Years**	**Total**
Interest-bearing loans and borrowings	252,191,125	494,735,250	-	746,926,375
Trade and other payables	2,346,750,466	-	-	2,346,750,466
Advances from related parties	6,591,745,091	-	-	6,591,745,091
Other current liabilities	1,197,073,685	-	-	1,197,073,685
	10,387,760,367	**494,735,250**	**-**	**10,882,495,617**

As at December 31, 2023, the Group's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	Within One Year	One to Five Year	More than Five Years	Total
Interest-bearing loans and borrowings	267,173,167	743,585,917	-	1,010,759,084
Trade and other payables	2,425,556,526	-	-	2,425,556,526
Advances from related parties	6,248,464,134	-	-	6,248,464,134
Other current liabilities	1,030,693,440	-	-	1,030,693,440
	9,971,887,267	743,585,917	-	10,715,473,184

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each reporting period.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

(Amounts in PHP)	Notes	**2024** Carrying Amounts	**2024** Fair Values	2023 Carrying Amounts	2023 Fair Values
Financial asset					
Financial assets at amortized cost					
Cash and cash equivalents	5	**2,863,878,581**	**2,863,878,581**	3,717,469,500	3,717,469,500
Trade and other receivables - net	6	**9,775,663,705**	**9,969,197,903**	9,798,369,760	9,971,246,943
Contract assets	19.2	**3,266,999,518**	**3,266,999,518**	2,741,196,068	2,741,196,068
Advances to related parties	25.1	**5,965,760,162**	**5,965,760,162**	5,467,534,052	5,467,534,052
		21,872,301,966	**22,065,836,164**	21,724,569,380	21,897,446,563
Financial assets at FVOCI	8	**1,013,400,000**	**1,013,400,000**	1,270,128,000	1,270,128,000
		22,885,701,966	**23,079,236,164**	22,994,697,380	23,167,574,563
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**650,000,000**	**559,048,102**	850,000,000	710,526,434
Trade and other payables	15	**2,346,750,466**	**2,346,750,466**	2,425,556,526	2,425,556,526
Advances from related parties	25.1	**6,394,850,556**	**6,394,850,556**	6,061,736,667	6,061,736,667
Other current liabilities	18	**1,197,073,685**	**1,197,073,685**	1,030,693,440	1,030,693,440
		10,588,674,707	**10,497,722,809**	10,367,986,633	10,228,513,067

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

(Amounts in PHP)	Gross amounts Recognized in the consolidated statement of financial position: Financial assets	Gross amounts Recognized in the consolidated statement of financial position: Financial liabilities set-off	Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position: Financial instruments	Related amounts not set-off in the consolidated statement of financial position: Collateral received	Net amount
December 31, 2024						
Advances to related parties	**5,965,760,162**	**-**	**5,965,760,162**	**-**	**-**	**5,965,760,162**
December 31, 2023						
Advances to related parties	5,467,534,052	-	5,467,534,052	-	-	5,467,534,052

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated	Related amounts not set-off in the consolidated statement of financial position		
(Amounts in PHP)	Financial liabilities	Financial assets set-off	statement of financial position	Financial instruments	Collateral provided	Net amount
December 31, 2024						
Interest-bearing loans and borrowings	**650,000,000**	**-**	**650,000,000**	**(215,741,362)**	**-**	**434,258,638**
Advances from related parties	**6,394,850,556**	**-**	**6,394,850,556**	**-**	**(15,045)**	**6,394,835,511**
	7,044,850,556	**-**	**7,044,850,556**	**(215,741,362)**	**(15,045)**	**6,829,094,149**
December 31, 2023						
Interest-bearing loans and borrowings	850,000,000	-	850,000,000	(243,849,512)	-	606,150,488
Advances from related parties	6,061,736,667	-	6,061,736,667	-	(42,945)	6,061,693,722
	6,911,736,667	-	6,911,736,667	(243,849,512)	(42,945)	6,667,844,210

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

The Group has cash in a local bank to which it has an outstanding loan (see Note 14). In case of the Group's default on loan amortization, cash in bank amounting to P215.7 million and P243.8 million can be applied against its outstanding loans from the bank amounting to P650.0 million and P850.0 million as of December 31, 2024 and 2023, respectively.

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 Fair Value Hierarchy

In accordance with PFRS 13*, Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below.

- 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., prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2024 and 2023, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2024 and 2023. There were no transfers between Levels 1 and 2 in both years.

31.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2024 and 2023 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group 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.

31.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31, 2024 and 2023.

(Amounts in PHP)	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2024				
Land	-	-	40,828,184	40,828,184
Buildings and office/commercial units	-	-	4,110,981,492	4,110,981,492
	-	**-**	**4,151,809,676**	**4,151,809,676**
December 31, 2023				
Land				
Buildings and office/commercial units	-	-	40,828,183	40,828,183
	-	-	4,689,378,913	4,689,378,913
	-	-	4,730,207,096	4,730,207,096

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. 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 based on current market rentals for similar properties in the same location and condition.

As at December 31, 2024 and 2023, the fair values of the Group's investment properties are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2024 and 2023.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

(Amounts in PHP)	**2024**	2023
Interest-bearing loans and borrowings	**650,000,000**	850,000,000
Total equity	**31,331,871,195**	31,363,596,258
Debt-to-equity ratio	**0.02 : 1.00**	0.03 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14).

33. RECONCILATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

(Amounts in PHP)	**Interest-bearing Loans and Borrowings** (See Note 14)	**Advances from Related Parties** (See Note 25.1)	**Interest Payable** (See Note 15)	**Total**
Balance as of January 1, 2024	850,000,000	6,061,736,667	11,939,667	6,923,676,334
Cash flows from financing activities –				
Repayment of loans and borrowings	(200,000,000)	(72,427,181)	(69,072,625)	(341,499,806)
Non-cash financing activities –				
Accrual of interest	-	405,541,070	65,748,636	471,289,706
Balance as of December 31, 2024	**650,000,000**	**6,394,850,556**	**8,615,678**	**7,053,466,234**
Balance as of January 1, 2023	1,000,000,000	5,764,677,182	10,948,000	6,775,625,182
Cash flows from financing activities –				
Repayment of loans and borrowings	(150,000,000)	(73,278,886)	(79,388,750)	(302,667,636)
Additional advances from related parties	-	5,759	-	5,759
Non-cash financing activities –				
Accrual of interest	-	370,332,612	80,380,417	450,713,029
Balance as of December 31, 2023	850,000,000	6,061,736,667	11,939,667	6,923,676,334
Balance as of January 1, 2022	1,250,000,000	5,495,817,845	5,565,312	6,751,383,157
Cash flows from financing activities –				
Repayment of loans and borrowings	(250,000,000)	(71,474,023)	(47,095,609)	(368,569,632)
Non-cash financing activities –				
Accrual of interest	-	340,333,360	52,478,297	392,811,657
Balance as of December 31, 2022	1,000,000,000	5,764,677,182	10,948,000	6,775,625,182

P&A Grant Thornton

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2024, on which we have rendered our report dated February 24, 2025. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 24, 2025

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2024

**Information therein are based on the separate financial statements of the Parent Company*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule A - Financial Assets
December 31, 2024

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*
Financial Asset at Fair Value Through OCI				
Alliance Global Group, Inc.	**112,600,000**	**P 1,013,400,000**	**P 1,013,400,000**	**P 11,260,000**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2024

Name and designation of debtor	Balance at Beginning of period	Additions/ Transfer 2024	Deductions: Amounts collected	Deductions: Amounts written off	Ending Balance: Current	Ending Balance: Not current	Balance at end of period
Advances to Officers and Employees:*							
Dizon, Don Tipper B.	P 873,258	P -	(P 536,366)	P -	P 336,892	P -	P 336,892
Edaño, Dennis E.	284,452	-	(284,452)	-	-	-	-
Jacobe, Elmer Y.	6,065	683,000	(282,431)	-	406,634	-	406,634
Llaga, Jhoanna Lyndelou T.	1,542,551	-	(719,354)	-	823,197	-	823,197
Manansala, Kim Camille B.	516,539	-	(111,230)	-	405,309	-	405,309
Ramos, Franemil T.	131,225	-	(131,225)	-	-	-	-
Sawali, Fernando D.	898,018	-	(309,267)	-	588,751	-	588,751
Sioson-Bumatay, Celeste Z.	608,233	-	-	-	608,233	-	608,233
Sison, Maylene N.	369,068	-	(78,591)	-	290,477	-	290,477
Tuason, Cosca Camille M.	369,068	-	(78,591)	-	290,477	-	290,477
Victorioso, Lino P. Jr.		467,628	(97,450)	-	370,178	-	370,178
	P 5,598,477	**P 1,150,628**	**(P 2,628,957)**	**P -**	**P 4,120,148**	**P -**	**P 4,120,148**

**The amount in the schedule forms part of the Trade and other receivables - net in the statements of financial position.*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2024

Name and Designation of debtor		Balance of beginning period		Balance at the end of period
Eastwood Properties Holdings, Inc.	P	864,942,444	**P**	**861,523,289**
Empire East Communities, Inc.		233,489,177		**233,684,714**
Valle Verde Properties, Inc.		64,990,852		**65,169,673**
Sonoma Premier Land, Inc.		23,042,671		**23,248,083**
Sherman Oak Holdings, Inc.		20,986,322		**21,176,934**
Laguna Bel-Air Science School, Inc.		1,990,280		**3,842,710**
20th Century Nylon Shirt Co., Inc.		1,803,192		**2,077,635**
TOTAL	P	1,211,244,938	**P**	**1,210,723,038**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule D - Long-Term Debt
December 31, 2024

Title of Issue and Type of Obligation	Amount Authorized by Indenture		Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position		Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position	
Unsecured floating-interest Loan	**P**	**1,520,000,000**	**P**	**200,000,000**	**P**	**450,000,000**

Unsecured floating-interest Loan are payable up to 2028 and bears floating interest rates subject to quarterly repricing

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule E - Indebtedness to Related Parties (Other than Affiliates)

December 31, 2024

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Megaworld Corporation	P 5,354,893,778	**P 5,737,525,504**
Gilmore Property Marketing Association	378,861,199	**374,343,362**
McKester Piknik International Ltd.	274,000,000	**229,000,000**
Others	53,981,690	**53,981,690**
	P 6,061,736,667	**P 6,394,850,556**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule G - Capital Stock

December 31, 2024

				Number of Shares Held by		
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Related Parties	Directors, Officers and Employees	Others
Preferred shares	2,000,000,000	-	-	-	-	-
Common shares	31,495,200,000	14,676,199,167	-	11,994,426,438	24,289,674	2,657,483,055

** Number of shares issued and outstanding net of 127,256,071 Treasury Shares.*

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City 1604, Metro Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2024

Unappropriated Retained Earnings at Beginning of Year		P 8,741,963,381
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earning Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others	-	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	(423,830,405)	
Others	-	(423,830,405)
Unappropriated Retained Earnings at Beginning of Year, as adjusted		8,318,132,976
Add/Less: Net Income (Loss) for the Current Year		685,816,153
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	-	
Sub-total		-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Realized fair value gain of investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total		-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
Sub-total		-
Balance carried forward		
Adjusted Net Income/Loss		P 685,816,153

Balance brought forward

Adjusted Net Income/Loss		P	685,816,153
Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)			
Depreciation on revaluation increment (after tax)	P -		
Sub-total			-
Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total			-
Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(36,151,440)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(2,437,008)		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others	-		
Sub-total			(38,588,448)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P**	**8,965,360,681**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Summary of Application of SRO Proceeds
December 31, 2024

	BASED ON IPO PROSPECTUS		BASED ON ACTUAL	
SRO Proceeds	**P**	**2,695,239,834**	**P**	**2,695,239,834**
Less: SRO related expenses		**5,239,834**		**5,239,834**
Net proceeds		**2,690,000,000**		**2,690,000,000**
Less: Disbursements				
Construction Site Development		**1,800,000,000**		**1,885,000,000**
Pioneer Woodlands		800,000,000		350,000,000
San Lorenzo Place		700,000,000		532,081,376
The Rochester		300,000,000		275,267,709
Kasara Urban Resort Residences		-		140,479,357
The Sonoma		-		70,000,000
Little Baguio Terraces		-		314,520,643
South Science Park		-		202,650,915
Landbanking		**890,000,000**		**805,000,000**
Total Disbursements		**2,690,000,000**		**2,690,000,000**
Remaining Balance of Proceeds, as at December 31, 2024			**P**	**-**

Supplementary information on the Summary of Application of SRO Proceeds –

The proceeds were subsequently reallocated and transferred to fund the urgent construction of other projects that have exceeded their respective allocations.

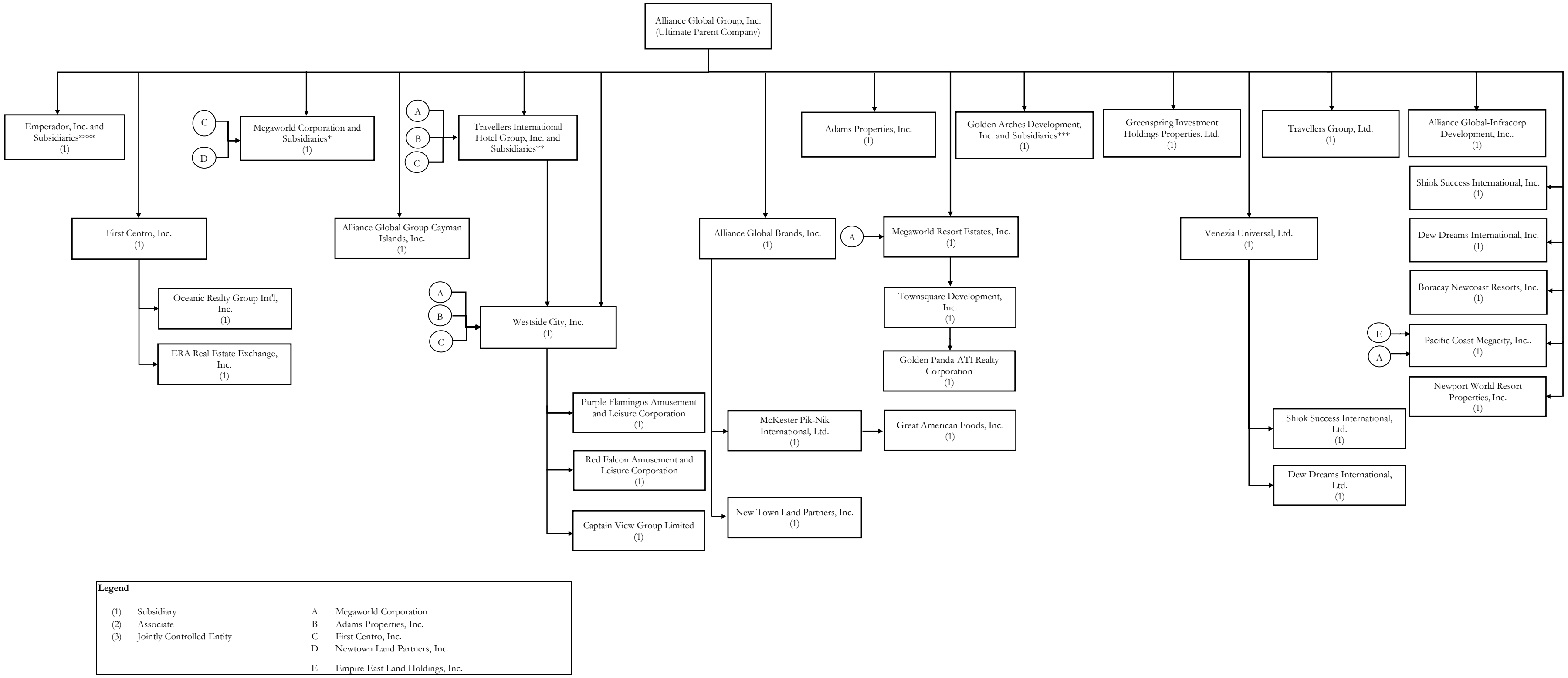
EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2024 and 2023
(Amounts in Philippine Pesos)

		2024		2023
Total Audit Fees	**P**	**3,918,000**	P	3,600,000
Non-audit service fees:				
Other assurance service		**-**		-
Tax service		**-**		-
All other service		**-**		-
		-		-
Total Audit and Non-audit Fees	**P**	**3,918,000**	P	3,600,000

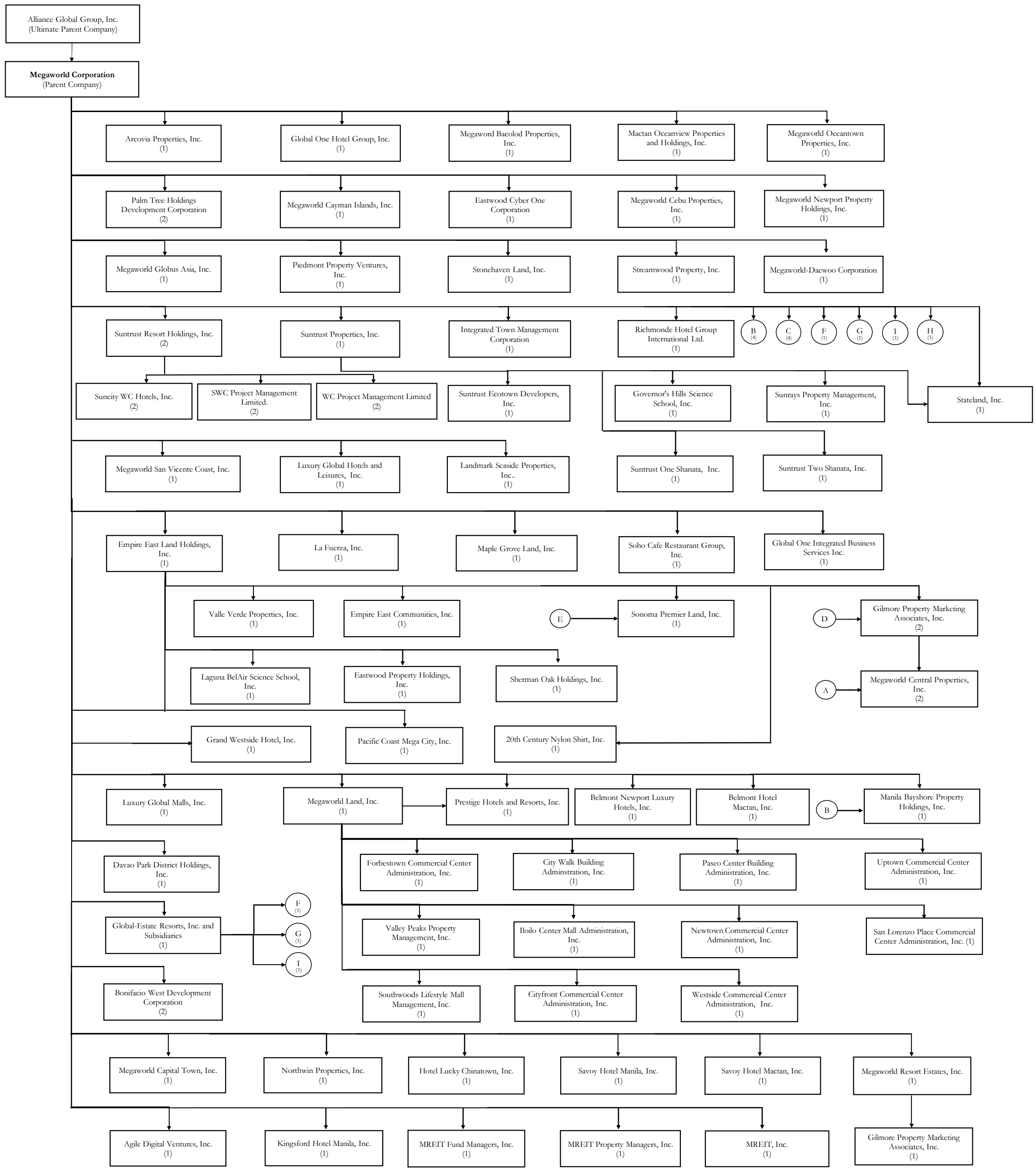
Audit and Non-audit fees of other related entities		**2024**		2023
Audit fees	**P**	**-**	P	-
Non-audit service fees:				
Other assurance service		**-**		-
Tax service		**-**		-
All other service		**-**		-
Total Audit and Non-audit Fees of other related entities	**P**	**-**	P	-

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2024



ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2024

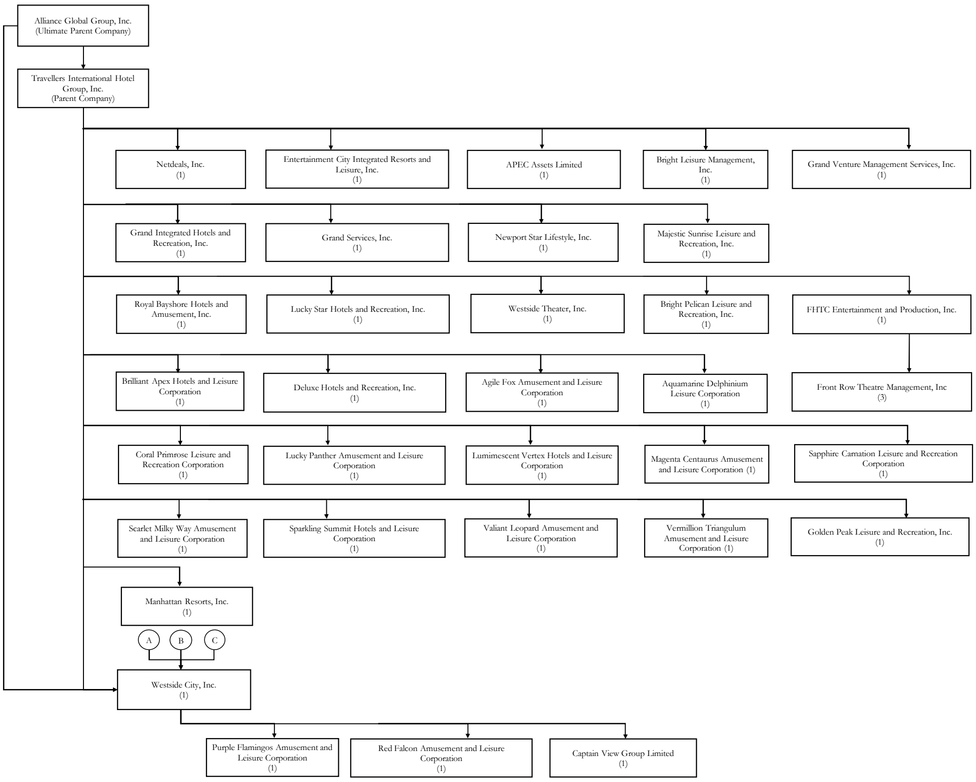


Legend
Relationship with Megaworld Corporation

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

A	Megaworld Corporation	E	First Centro, Inc.	I	Southwoods Mall, Inc.
B	Travellers International Hotel Group, I	F	Twin Lakes Corporation		
C	Westside City, Inc.	G	Megaworld Global Estates, Inc.		
D	Townsquare Development, Inc.	H	Megaworld Central Properties, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2024

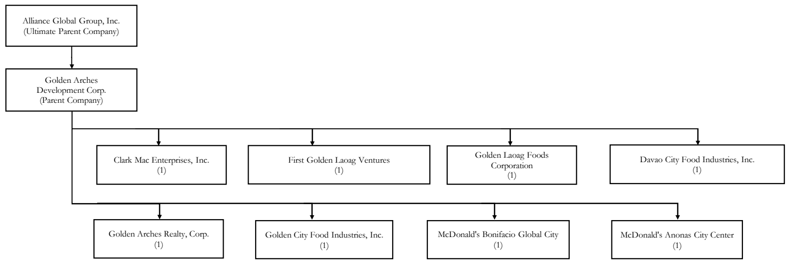


Legend

Relationship with Travellers International Hotel Group, Inc.

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

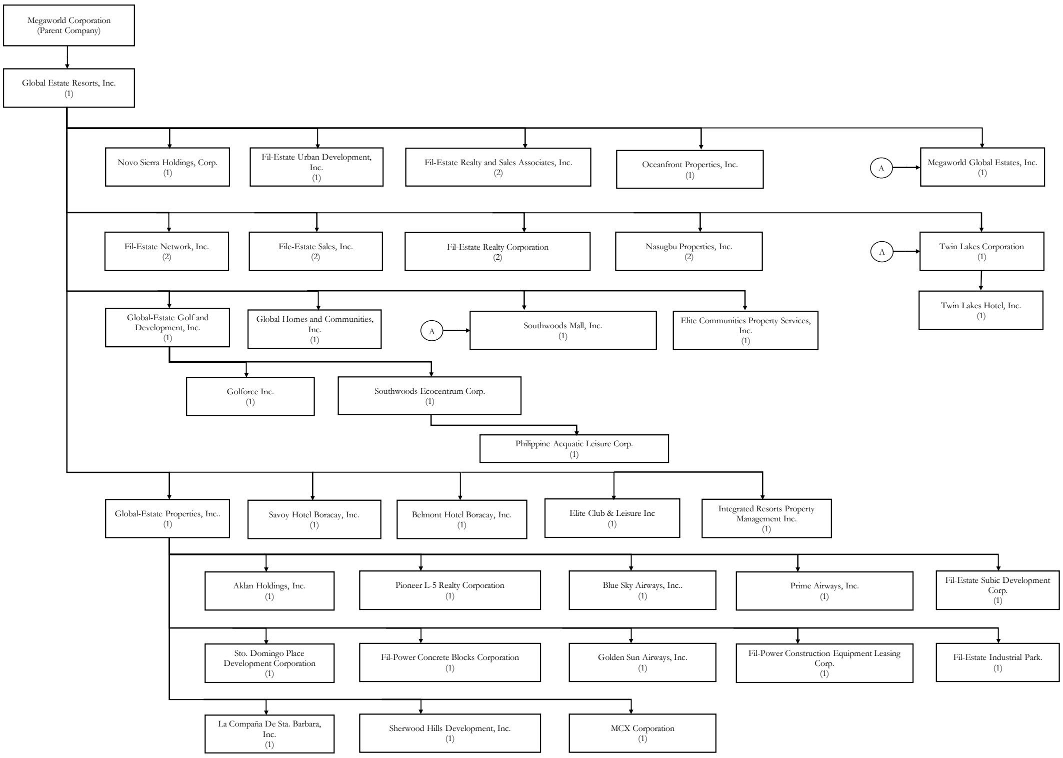
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2024



Legend
Relationship with Golden Arches Development Corporation
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2024

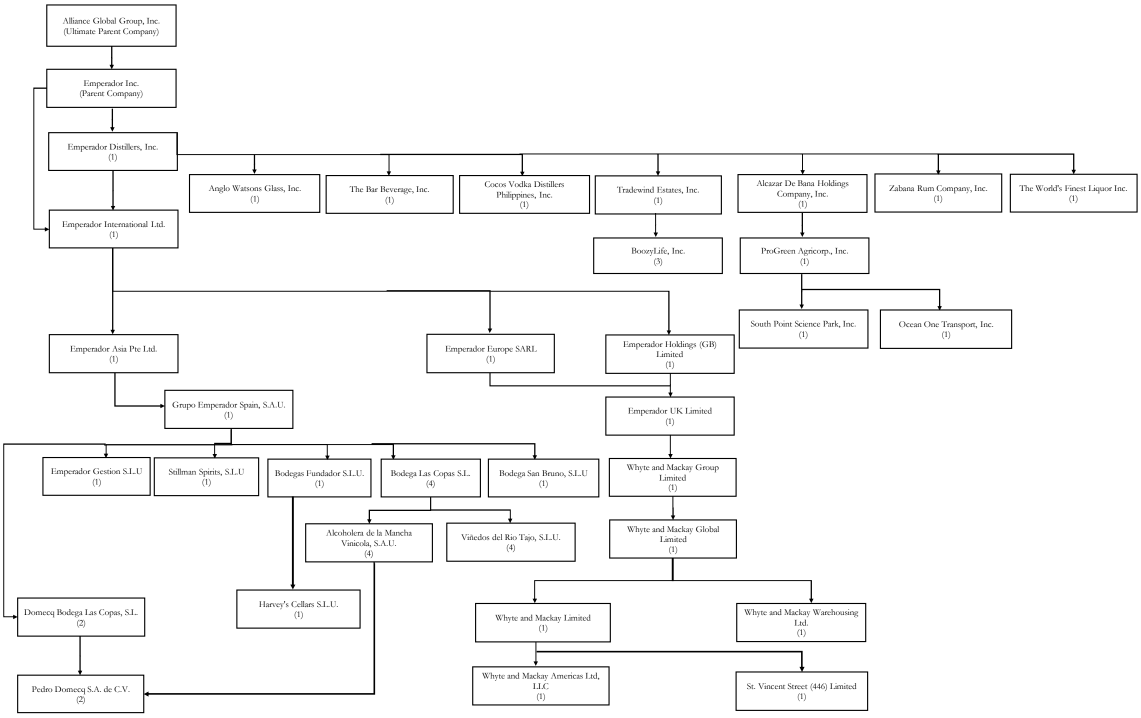


Legend

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

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2024



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

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

T +63 2 8988 2288

Report of Independent Auditors on Components of Financial Soundness Indicators

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the years ended December 31, 2024 and 2023, on which we have rendered our report dated February 24, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS Accounting Standards) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 24, 2025

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2024 and 2023

Ratio	Formula		2024	Formula		2023
Current ratio	Total Current Assets divided by Total Current Liabilities		2.81	Total Current Assets divided by Total Current Liabilities		2.87
	Total Current Assets	P 42,869,618,908		Total Current Assets	P 43,300,088,527	
	Divided by: Total Current Liabilities	15,229,768,391		Divided by: Total Current Liabilities	15,099,844,128	
		2.81			2.87	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.96	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		1.06
	Total Current Assets	P 42,869,618,908		Total Current Assets	P 43,300,088,527	
	Less:			Less:		
	Inventories	20,922,248,973		Inventories	20,625,100,501	
	Other Current Assets	7,330,807,549		Other Current Assets	6,725,880,351	
	Quick Assets	14,616,562,386		Quick Assets	15,949,107,675	
	Divided by: Total Current Liabilities	15,229,768,391		Divided by: Total Current Liabilities	15,099,844,128	
		0.96			1.06	
Solvency ratio	Total Assets divided by Total Liabilities		2.73	Total Assets divided by Total Liabilities		2.73
	Total Assets	P 49,425,185,917		Total Assets	P 49,499,134,295	
	Divided by: Total Liabilities	18,093,314,722		Divided by: Total Liabilities	18,135,538,037	
		2.73			**2.73**	
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.58	Total Liabilities divided by Total Equity		0.58
	Total Liabilities	P 18,093,314,722		Total Liabilities	P 18,135,538,037	
	Divided by: Total Equity	31,331,871,195		Divided by: Total Equity	31,363,596,258	
		0.58			0.58	
Assets-to-equity ratio	Total Assets divided by Total Equity		1.58	Total Assets divided by Total Equity		1.58
	Total Assets	P 49,425,185,917		Total Assets	P 49,499,134,295	
	Divided by: Total Equity	31,331,871,195		Divided by: Total Equity	31,363,596,258	
		1.58			1.58	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense		2.85	Earnings before interest and taxes (EBIT) divided by Interest expense		3.52
	EBIT:			EBIT:		
	Net Profit	P 680,281,074		Net Profit	P 757,940,572	
	Tax expense	207,804,930		Tax Income	219,999,156	
	Finance Cost*	479,282,302		Finance Cost*	387,692,977	
		1,367,368,306			1,365,632,705	
	Divided by: Interest expense	479,282,302		Divided by: Interest expense	387,692,977	
		2.85			3.52	
Return on equity	Net Profit divided by Average Total Equity		0.02	Net Profit divided by Average Total Equity		0.02
	Net Profit	P 680,281,074		Net Profit	P 757,940,572	
	Divided by: Average Total Equity	31,347,733,727		Divided by: Average Total Equity	31,061,640,748	
		0.02			0.02	
Return on assets	Net Profit divided by Average Total Assets		0.01	Net Profit divided by Average Total Assets		0.02
	Net Profit	P 680,281,074		Net Profit	P 757,940,572	
	Dividen by: Average Total Assets	49,462,160,106		Dividen by: Average Total Assets	48,389,733,507	
		0.01			0.02	
Net profit margin	Net Profit divided by Total Revenue		0.14	Net Profit divided by Total Revenue		0.15
	Net Profit	P 680,281,074		Net Profit	P 757,940,572	
	Divided by: Total Revenue	4,950,793,738		Divided by: Total Revenue	5,203,131,447	
		0.14			0.15	

**The amount of finance costs excludes net interest expense on post-employment defined benefit obligation.*

Exhibit 1-A

Audited Financial Statements of Empire East Land Holdings, Inc. as of December 31, 2024 and 2023

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2024 and 2023** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material 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, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO, JR.
Chief Financial Officer

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
RECEIVED
MAR 18 2025
BY: ROSE MARCIANO
LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

Signed this 24th day of February, 2025.

FEB 26 2025

SUBSCRIBED AND SWORN to me before this __________ of 2025 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Lino P. Victorioso Jr.	926-681-972

Doc. No. 106
Page No. 22
Book No. 06
Series of 2025

GAUDENCIO A. BARBOZA, JR
NOTARY PUBLIC
Cities of Pasig, San Juan and
In the Municipality of Pateros, Metro Manila
Until December 31, 2025
PTR No. 2853281 / 01/ 02/ 2025 Pasig City
BP No. 461377/10/04/2024 for the year 2025/RSM
Roll No. 41969
MCLE Comp. VII-0028557 / April 19, 2023
No. 11, Unit J. Freamont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City
Appointment No. 29 (2025-2026)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

P&A Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Empire East Land Holdings, Inc.

December 31, 2024, 2023 and 2022

BUREAU OF INTERNAL REVENUE
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P&A
Grant Thornton

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Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Empire East Land Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company, and its financial performance and its cash flows as at and for the year ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards), and as at December 31, 2023 and for the years ended December 31, 2023 and 2022 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 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company'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 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 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 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 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 Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 24, 2025

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
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LT DOCUMENT PROCESSING AND QUALITY ASSURANCE DIVISION

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2024	2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 2,854,673,852	P 3,709,338,325
Trade and other receivables	6	8,139,941,723	8,519,221,502
Contract assets	18	2,498,252,566	2,534,011,730
Advances to related parties - net	24	6,118,735,999	5,688,189,234
Real estate inventories	7	17,042,135,802	16,744,987,330
Prepayments and other current assets	15, 18	1,307,687,462	1,192,873,064
Total Current Assets		37,961,427,404	38,388,621,185
NON-CURRENT ASSETS			
Trade and other receivables	6	3,516,695,723	3,411,569,342
Contract assets	18	768,746,952	207,184,338
Advances to landowners and joint ventures	8	237,504,599	242,894,346
Investments in subsidiaries and an associate	9	4,171,212,032	4,171,212,032
Property and equipment - net	10	31,894,808	44,581,323
Intangible assets - net	11	27,070,890	33,283,184
Investment properties - net	12	559,063,862	587,082,411
Other non-current assets		3,221,212	3,221,212
Total Non-current Assets		9,315,410,078	8,701,028,188
TOTAL ASSETS		P 47,276,837,482	P 47,089,649,373

BUREAU OF INTERNAL REVENUE
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	Notes	2024	2023
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13, 32	P 200,000,000	P 200,000,000
Trade and other payables	14	2,347,809,533	2,395,315,556
Contract liabilities	18	170,000,828	96,357,478
Advances from related parties	24	6,853,240,834	6,515,240,711
Customers' deposits	16	4,743,665,793	5,140,775,975
Other current liabilities	17	1,208,556,146	1,042,175,900
Total Current Liabilities		15,523,273,134	15,389,865,620
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13, 32	450,000,000	650,000,000
Contract liabilities	18	112,633,789	160,409,459
Stock subscriptions payable	9	95,662,500	95,662,500
Retirement benefit obligation - net	22	175,138,695	92,528,372
Deferred tax liabilities - net	23	2,069,679,279	2,077,779,047
Other non-current liabilities		511,648,598	511,648,598
Total Non-current Liabilities		3,414,762,861	3,588,027,976
Total Liabilities		18,938,035,995	18,977,893,596
EQUITY			
Capital stock	25	14,803,455,238	14,803,455,238
Additional paid-in capital	25	4,307,887,996	4,307,887,996
Treasury stocks – at cost	25	(102,106,658)	(102,106,658)
Revaluation reserves	22	76,002,740	110,942,778
Retained earnings	25	9,253,562,171	8,991,576,423
Total Equity		28,338,801,487	28,111,755,777
TOTAL LIABILITIES AND EQUITY		P 47,276,837,482	P 47,089,649,373

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE 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	18	P 3,242,642,998	P 3,997,538,269	P 3,799,965,640
Finance income	21	902,896,156	571,212,268	477,962,564
Rental income	12, 27	134,162,268	107,466,532	89,620,201
Other income	20	572,329,041	409,693,152	181,457,738
		4,852,030,463	5,085,910,221	4,549,006,143
COSTS AND EXPENSES				
Cost of real estate sales	19	2,053,715,778	2,497,388,384	2,228,021,015
Finance costs	21	488,149,910	387,692,977	395,922,830
Salaries and employee benefits	22	424,788,965	390,805,298	351,579,289
Commissions	18	217,094,131	211,295,414	218,423,309
Association dues		158,470,718	140,248,089	70,635,297
Taxes and licenses	12	138,556,912	76,065,550	57,612,869
Advertising and promotion		75,162,890	67,838,818	111,943,298
Travel and transportation		56,277,224	77,538,737	64,211,421
Depreciation and amortization	10, 11, 12	50,788,106	57,005,892	42,570,697
Rentals	15	19,782,740	12,948,560	13,447,199
Other expenses	12, 20	275,101,704	132,440,310	103,092,785
Tax expense	23	208,325,232	214,744,466	226,165,417
		4,166,214,310	4,266,012,495	3,883,625,426
NET PROFIT		685,816,153	819,897,726	665,380,717
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently through profit or loss:				
Remeasurements of retirement benefit obligation	22	(46,586,718)	(103,761,915)	36,772,794
Tax income (expense)	23	11,646,680	25,940,480	(9,193,199)
		(34,940,038)	(77,821,435)	27,579,595
TOTAL COMPREHENSIVE INCOME		P 650,876,115	P 742,076,291	P 692,960,312
EARNINGS PER SHARE – Basic and Diluted	26	P 0.047	P 0.056	P 0.045

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Capital Stock (see Note 25)	Additional Paid-in Capital (see Note 25)	Treasury Stocks (see Note 25)	Revaluation Reserves (see Note 22)	Retained Earnings (see Note 25)	Total
Balance at January 1, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 110,942,778	P 8,991,576,423	P 28,111,755,777
Effect of adoption of PFRS 15 and other related interpretations	-	-	-	-	(423,830,405)	(423,830,405)
Balance at January 1, 2024, as adjusted	14,803,455,238	4,307,887,996	(102,106,658)	110,942,778	8,567,746,018	27,687,925,372
Total comprehensive income (loss) for the year	-	-	-	(34,940,038)	685,816,153	650,876,115
Balance at December 31, 2024	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 76,002,740**	**P 9,253,562,171**	**P 28,338,801,487**
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 188,764,213	P 8,171,678,697	P 27,369,679,486
Total comprehensive income (loss) for the year	-	-	-	(77,821,435)	819,897,726	742,076,291
Balance at December 31, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 110,942,778	P 8,991,576,423	P 28,111,755,777
Balance at January 1, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 161,184,618	P 7,506,297,980	P 26,676,719,174
Total comprehensive income for the year	-	-	-	27,579,595	665,380,717	692,960,312
Balance at December 31, 2022	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 188,764,213	P 8,171,678,697	P 27,369,679,486

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
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 894,141,385	P 1,034,642,192	P 891,546,134
Adjustments for:				
Finance income	21	(902,896,156)	(571,212,268)	(477,962,564)
Finance costs	21	488,149,910	387,692,977	395,922,830
Depreciation and amortization	10, 11, 12	50,788,106	57,005,892	42,570,697
Gain on lease credits	15, 24	-	(106,091,000)	-
Gain on sale of property and equipment	10	-	-	(133,929)
Operating profit before working capital changes		530,183,245	802,037,793	851,943,168
Decrease (increase) in trade and other receivables		453,262,049	(1,519,547,027)	(458,797,549)
Increase in contract assets		(572,668,404)	(158,082,689)	(530,165,133)
Decrease (increase) in real estate inventories		(553,518,846)	543,476,571	605,876,885
Increase in prepayments and other current assets		(100,586,539)	(247,593,036)	(165,439,401)
Decrease (increase) in advances to landowners and joint ventures		5,389,747	(1,238,456)	(4,236,502)
Increase (decrease) in trade and other payables		(44,182,034)	541,482,045	178,191,729
Increase (decrease) in contract liabilities		526,987	(52,088,508)	28,285,405
Increase (decrease) in customers' deposits		(397,110,182)	655,071,477	25,075,724
Increase in other current liabilities		166,380,246	150,516,989	23,130,264
Increased (decrease) in retirement benefit obligation		27,155,997	(30,505,127)	(26,679,496)
Cash generated from (used in) operations		(485,167,734)	683,530,032	527,185,094
Interest received from receivables		29,869,962	5,126,863	25,190,501
Cash paid for income taxes		(152,174,723)	(102,504,859)	(127,231,789)
Net Cash From (Used in) Operating Activities		(607,472,495)	586,152,036	425,143,806
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from cash and cash equivalents	21	91,419,904	80,927,956	30,730,789
Collections of advances to related parties	24	6,977,607	400,696	16,524,721
Cash advances granted to related parties	24	(5,105,169)	(43,203,588)	(53,077,106)
Acquisitions of property and equipment	10	(3,870,748)	(12,246,836)	(1,001,188)
Acquisitions of intangible assets	11	-	-	(7,405,722)
Proceeds from sale of property and equipment	10	-	-	133,929
Net Cash From (Used in) Investing Activities		89,421,594	25,878,228	(14,094,577)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings	13, 32	(200,000,000)	(150,000,000)	(250,000,000)
Interest paid	13, 32	(69,072,625)	(79,388,749)	(47,052,307)
Repayments of advances from related parties	24, 32	(67,540,947)	(88,054,590)	(66,454,427)
Proceeds from additional advances from related parties	24, 32	-	5,759	1,628,092
Net Cash Used in Financing Activities		(336,613,572)	(317,437,580)	(361,878,642)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(854,664,473)	294,592,684	49,170,587
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,709,338,325	3,414,745,641	3,365,575,054
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,854,673,852	P 3,709,338,325	P 3,414,745,641

Supplemental Information on Non-cash Investing Activities –

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 10). No lease liabilities were recognized since the Company has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 statement of comprehensive income (see Notes 20.1 and 24). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 statement of financial position.

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Empire East Land Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 1994. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties and holds ownership interests in certain subsidiaries and an associate that are all incorporated in the Philippines and are engaged in businesses related to the main business of the Company (see Note 9).

The Company is a subsidiary of Megaworld Corporation (Megaworld or the Parent Company). The Parent Company is engaged in the development of large scale mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities, such as project design, construction, and property management. Alliance Global Group, Inc. (AGI) is the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming, and quick service restaurant businesses.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange.

The Company's registered office and principal place of business is located at 2nd Floor, Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City 1604, Metro Manila.

Megaworld's registered office address is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered offices are also their respective principal places of business.

1.2 Approval of the Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2024 (including the comparative financial statements as of December 31, 2023 and for the years ended December 31, 2023 and 2022) were authorized for issue by the Company's Board of Directors (BOD) on 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 Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company as of and for the year ended December 31, 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). In 2023, the Company's 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 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 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 by the Company

In 2023 and prior years, the Company 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. In 2024, the Company adopted the previously deferred provisions of PFRS 15, and the related issuances of the Philippine Interpretations Committee (PIC), and International Financial Reporting Interpretations Committee (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 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 in the succeeding pages are the relevant information about these standards and interpretations, and the resulting adjustments to the relevant 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, Real estate inventories decreased by P256.4 million and Deferred tax liabilities – net decreased by P52.6 million as of 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 Company 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, Contract assets as of January 1, 2024 decreased by P202.7 million. Contract liabilities as at the said date increased by P17.3 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 Company's retained earnings as at January 1, 2024.

(Amounts in PHP)	Note	**As previously reported**	**Restatement**	**As restated**
January 1, 2024				
Total assets				
Current assets:				
Contract assets	2.1b(ii)	2,534,011,730	**(1,854,393,691)**	679,618,039
Real estate inventories	2.1b(i)	16,744,987,330	**(256,370,374)**	16,488,616,956
			(2,110,764,065)	
Non-current assets –				
Contract assets	2.1b(ii)	207,184,338	**1,651,678,160**	1,858,862,498
			(459,085,905)	
Total liabilities				
Current liabilities –				
Contract liabilities	2.1b(ii)	96,357,478	**(15,866,289)**	112,223,767
Non-current liabilities:				
Contract liabilities	2.1b(ii)	160,409,459	**(1,481,807)**	161,891,266
Deferred tax liabilities - net	2.1b(i)	2,077,779,047	**52,603,596**	2,025,175,451
			35,255,500	
Impact on net assets			**(423,830,405)**	

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

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

(d) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise indicated.

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

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2024 that are Relevant to the Company

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

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

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

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

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants.* The amendments specify 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 required disclosures under these amendments are disclosed in Note 13.

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

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use 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.

(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 significant impact on the Company's financial statements:

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

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

(iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The 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 Separate Financial Statements and Investments in Subsidiaries and an Associate and Interests in Jointly Controlled Operations

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements which comprise the financial statements of the Company and its subsidiaries.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls.

Associates are those entities over which the Company can exert significant influence, but which are neither subsidiaries nor interests in a joint venture.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

For interests in jointly controlled operations, the Company recognizes in its financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The related amounts are presented as part of the regular asset and liability accounts and income and expenses account of the Company. No adjustment or other consolidation procedures are required for the assets, liabilities, income, and expenses of the joint venture that are recognized in the separate financial statements of the joint operators.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets include only financial assets at amortized cost.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Company applies a general approach specifically, in relation to receivables from 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 Company's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Company 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.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Stock Subscription Payable and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Real Estate Inventories

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

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

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

2.6 Property and Equipment

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

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below.

Transportation equipment	5 years
Office and other equipment	3 to 5 years
Office furniture and fixtures	3 years

Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

2.7 Intangible Asset

Intangible asset pertains to acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible asset is amortized on a straight-line basis over the estimated useful life (10 years) as the life of this intangible asset is considered finite.

2.8 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building and office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value. Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities, and rendering of services.

The Company develops real properties such as house and lot and condominium units. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(c). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Company are as follows:

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

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at a point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section of the statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Company.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is 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.

In determining the transaction price, the Company 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 Company recognizes interest expense which is presented as part of Finance Costs in the statement of comprehensive 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 Finance Income in the statement of comprehensive income.

The Company 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 Company expects, at contract inception, that the period between when the Company 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).

Under its contracts with customers, the Company 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 Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4(a)(ii)].

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position.

2.10 Direct Contract Costs

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Company's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets account in the statement of financial position (see Note 18.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the statement of comprehensive income.

2.11 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, the Company 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 which is 3 to 5 years.

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

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.12 Impairment of Non-financial Assets

The Company's Advances to Landowners and Joint Ventures, Investment in Subsidiaries and an Associate, Property and Equipment, Intangible Asset, Investment Properties and other non-financial assets 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.

2.13 Employee Benefits

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

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

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.14 Earnings Per Share

The Company does not have potential dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments mentioned below and in the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

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

In determining the lease term, 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 and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

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

(b) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Company'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 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 Company assesses the probability that the Company 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 collectability of an amount of consideration is probable, the Company considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(e)].

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.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Company exercises significant 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 Company considers the factors enumerated below.

- any asset created or enhanced as the Company 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 Company's enforceable right for payment for performance completed to date.

The Company determined that its performance obligation for pre-completed real estate inventories 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 Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(ii) Marketing and Management fees

The Company determines that its revenue from marketing and management fees shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company 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 Company's right to invoice.

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

The Company 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 Company's fulfillment of its performance obligations. The Company exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Company 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.

(e) Estimation of Collection Threshold for Revenue Recognition

The Company uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Company determines that collection of total contract price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(f) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Company uses a provision matrix to calculate ECL for trade receivables, contract assets, and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to advances to related parties and other related party receivables, the Company uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Company's trade and other receivables, contract assets and advances to related parties are disclosed in Note 28.2.

(g) Distinction Among Investment Property and Owner-managed Properties

The Company determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

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

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(h) Distinction Between Real Estate Inventories and Investment Property

Residential and condominium units for sale, included under real estate 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 Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's use over these assets in making its judgment.

(i) Distinction Between Operating and Finance Leases

The Company has entered into various lease agreements as either a lessor or lessee. 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's assessment, all of the Company's current lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(j) 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 Company 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 Company 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 27.

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) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

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

(b) Revenue Recognition for Performance Obligations Satisfied Over Time

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

Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) 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 Company 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 Company estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Company is considered the borrower.

(d) 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 behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 28.2.

(e) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate 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 these assets 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 and uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period.

Considering the Company's pricing policy, the net realizable values of real estate inventories are higher than their related carrying values as of the end of the reporting periods.

(f) Estimation of Useful Lives of Property and Equipment, Intangible Asset and Investment Properties

The Company estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of Property and Equipment, Intangible Assets, and Investment Properties are analysed in Notes 10, 11 and 12, respectively. Based on management's assessment as at December 31, 2024 and 2023, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(g) Determination of Fair Value of Investment Properties

Investment property is measured using the cost model. The Company determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Company determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors, such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 30.3.

(h) Determination of Realizable Amount of Deferred Tax Assets

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

The carrying value of deferred tax assets as of those dates is disclosed in Note 23.

(i) Impairment of Non-financial Assets

PFRS Accounting Standards requires that an impairment review be performed when certain impairment indicators are present. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on advances to landowners and joint ventures, investments in subsidiaries and an associate, property and equipment, intangible asset, investment properties and other non-financial assets for the years ended December 31, 2024, 2023, and 2022 (see Notes 8, 9, 10, 11 and 12).

(j) Valuation of Post-employment Defined Benefit Obligation

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

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 22.2.

4. SEGMENT REPORTING

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

The Company'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 Company is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages and subdivision lots. Both are intended for middle income market.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

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 include all operating assets used by a segment and consist principally of operating receivables, Contract Assets and Real Estate Inventories. Excluded from segment assets are Cash and Cash Equivalents, Advances to Related Parties, Prepayments, Advances to Landowners and Joint Venturers, Investments in Subsidiaries and an Associate, Property and Equipment, Intangible Asset, Investment Properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of Contract Liabilities and Customer Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, Stock Subscriptions Payable, Deferred Tax Liabilities and Retirement Benefit Obligation as the Company's management determined that these accounts are not directly related to the Company's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of intersegment sales and transfers, the Company generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2024, 2023 and 2022 and certain asset and liability information regarding segments as at December 31, 2024, and 2023.

(Amounts in PHP)	High Rise Projects			Horizontal Projects			Total		
	2024	2023	2022	**2024**	2023	2022	**2024**	2023	2022
REVENUES									
Real estate sales	**3,136,454,171**	3,651,882,437	3,566,584,650	**106,188,827**	345,655,832	233,380,990	**3,242,642,998**	3,997,538,269	3,799,965,640
Finance income	**353,968,172**	136,631,933	135,808,063	**3,587,572**	11,635,045	8,450,489	**357,555,744**	148,266,978	144,258,552
Rental income	**12,495,355**	14,677,006	17,189,304	**-**	-	-	**12,495,355**	14,677,006	17,189,304
Other income	**541,813,821**	277,426,111	155,670,753	**27,673,152**	9,399,769	10,842,544	**569,486,973**	286,825,880	166,513,297
	4,044,731,519	4,080,617,487	3,875,252,770	**137,449,551**	366,690,646	252,674,023	**4,182,181,070**	4,447,308,133	4,127,926,793
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**1,991,192,143**	2,310,566,542	2,096,109,839	**62,523,635**	186,821,842	131,911,176	**2,053,715,778**	2,497,388,384	2,228,021,015
Commissions	**207,456,664**	199,293,899	199,731,748	**8,585,499**	11,848,142	18,641,320	**216,042,163**	211,142,041	218,373,068
Association dues	**146,717,756**	131,765,698	61,985,205	**8,622,422**	6,237,793	7,761,307	**155,340,178**	138,003,491	69,746,512
Advertising and promotion	**57,073,323**	49,276,760	90,405,992	**9,901,501**	14,325,457	12,595,558	**66,974,824**	63,602,217	103,001,550
Taxes and licenses	**89,206,859**	49,575,127	32,620,734	**9,890,989**	8,940,581	8,774,720	**99,097,848**	58,515,708	41,395,454
Rentals	**9,424,912**	3,814,336	6,108,597	**-**	-	388,488	**9,424,912**	3,814,336	6,497,085
Finance costs	**7,992,596**	-	-	**-**	-	-	**7,992,596**	-	-
Salaries and employee benefits	**607,416**	799,383	1,132,027	**37,347**	113,256	-	**644,763**	912,639	1,132,027
Other expenses	**149,938,302**	63,106,054	51,029,807	**10,018,510**	5,191,138	4,443,000	**159,956,812**	68,297,192	55,472,807
	2,659,609,971	2,808,197,799	2,539,123,949	**109,579,903**	233,478,209	184,515,569	**2,769,189,874**	3,041,676,008	2,723,639,518
SEGMENT OPERATING PROFIT	**1,385,121,548**	1,272,419,688	1,336,128,821	**27,869,648**	133,212,437	68,158,454	**1,412,991,196**	1,405,632,125	1,404,287,275
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**22,474,520,814**	21,189,484,878		**5,892,484,668**	6,089,028,954		**28,367,005,482**	27,278,513,832	
Segment liabilities	**4,688,829,079**	4,948,182,002		**828,921,159**	822,539,356		**5,517,750,238**	5,770,721,358	

There was no segment interest expense allocated in 2023 and 2022.

4.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

(Amounts in PHP)	2024	2023	2022
Revenues			
Total segment revenues	**4,182,181,070**	4,447,308,133	4,127,926,793
Unallocated revenues:			
Finance income	**545,340,412**	422,945,290	333,704,011
Rental income from investment properties	**121,666,913**	92,789,526	72,430,897
Other income	**2,842,068**	122,867,272	14,944,442
	669,849,393	638,602,088	421,079,350
Revenues and income as reported in the statements of comprehensive income	**4,852,030,463**	5,085,910,221	4,549,006,143
Profit or loss			
Segment operating profit	**1,412,991,196**	1,405,632,125	1,404,287,275
Other unallocated income	**669,849,393**	638,602,088	421,079,350
Other unallocated expenses	**(1,397,024,436)**	(1,224,336,487)	(1,159,985,908)
Net profit as reported in the statements of comprehensive income	**685,816,153**	819,897,726	665,380,717
Assets			
Segment assets	**28,367,005,482**	27,278,513,832	
Unallocated assets:			
Cash and cash equivalents	**2,854,673,852**	3,709,338,325	
Trade and other receivables	**3,598,767,284**	4,138,460,410	
Advances to related parties – net	**6,118,735,999**	5,688,189,234	
Prepayments and other current assets	**1,307,687,462**	1,192,873,064	
Advances to landowners and joint ventures	**237,504,599**	242,894,346	
Investments in subsidiaries and an associate	**4,171,212,032**	4,171,212,032	
Property and equipment – net	**31,894,808**	44,581,323	
Intangible asset – net	**27,070,890**	33,283,184	
Investment properties – net	**559,063,862**	587,082,411	
Other non-current assets	**3,221,212**	3,221,212	
	18,909,832,000	19,811,135,541	
Total assets as reported in the statements of financial position	**47,276,837,482**	47,089,649,373	

(Amounts in PHP)	**2024**	2023
Liabilities		
Segment liabilities	**5,517,750,238**	5,770,721,358
Unallocated liabilities:		
Interest-bearing loans and borrowings	**650,000,000**	850,000,000
Trade and other payables	**2,347,809,533**	2,395,315,556
Advances from related parties	**6,853,240,834**	6,515,240,711
Customers' deposits	**416,417,483**	426,106,702
Other current liabilities	**812,337,433**	754,539,350
Stock subscriptions payable	**95,662,500**	95,662,500
Deferred tax liabilities – net	**2,069,679,279**	2,077,779,047
Retirement benefit obligation	**175,138,695**	92,528,372
	13,420,285,757	13,207,172,238
Total liabilities as reported in the statements of financial position	**18,938,035,995**	18,977,893,596

5. CASH AND CASH EQUIVALENTS

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

(Amounts in PHP)	**2024**	2023
Cash on hand and in banks	**1,501,332,540**	2,190,511,349
Short-term placements	**1,353,341,312**	1,518,826,976
	2,854,673,852	3,709,338,325

Cash in banks generally earns interest at rates based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 72 days in 2024, 76 days in 2023 and 2022 and earn annual effective interest ranging from 4.50% to 6.25% in 2024, 3.13% to 6.25% in 2023, and 0.38% to 5.75% in 2022. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2024, 2023 and 2022 and earn annual effective interest ranging from 1.50% to 5.25% in 2024, 1.50% to 5.00% in 2023, and 0.05% to 4.00% in 2022 (see Note 21.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	Note	**2024**	2023
Current:			
Trade receivables	24.3	**4,395,487,012**	4,252,598,723
Advances to suppliers and contractors		**2,589,274,606**	2,932,708,967
Advances to condominium associations		**403,803,520**	375,842,604
Rent receivable	24.2	**395,271,465**	386,081,089
Interest receivable	24.3	**96,841,464**	97,883,442
Management fee receivable	24.2	**44,119**	44,119
Others		**259,219,537**	474,062,558
		8,139,941,723	8,519,221,502
Non-current:			
Trade receivables		**3,377,226,648**	3,277,067,010
Refundable deposits		**139,469,075**	134,502,332
		3,516,695,723	3,411,569,342
		11,656,637,446	11,930,790,844

The Company's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Company for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Company are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 8% to 22%. The related interest earned on these sales contracts amounting to P28.8 million, P27.0 million, and P26.5 million in 2024, 2023 and 2022, respectively, are reported as part of Finance Income account in the statements of comprehensive income (see Note 21.1).

The installment period of noninterest-bearing sales contracts ranges from two to five years with imputed interest of 9.01% in 2024, 7.33% in 2023 and 5.75% in 2022. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P193.5 million, P172.9 million and P121.3 million in 2024, 2023 and 2022, respectively, are presented as a deduction against the Real Estate Sales account in the statements of comprehensive income. Amortization of day one loss amounting to P172.9 million, P121.3 million and P117.8 million in 2024, 2023 and 2022, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the statements of comprehensive income (see Note 21.1).

Advances to suppliers and contractors represent down payments made by the Company to the suppliers and contractors based on a certain percentage of the contract price and the construction materials purchased by the Company that is used by the contractors and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Company either on a pro-rata basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Company's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric company, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include association dues, advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All trade receivables are subject to credit risk exposure. However, the Company 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 Company 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 28.2(b)].

7. REAL ESTATE INVENTORIES

The Company's real estate inventories at the end of 2024 and 2023 were stated at cost. The composition of this account as at December 31 is shown below (see Note 19).

(Amounts in PHP)	**2024**	2023
Residential and condominium units for sale	**12,920,085,656**	12,621,531,965
Raw land inventory	**2,229,667,262**	2,229,667,262
Property development costs	**1,892,382,884**	1,893,788,103
	17,042,135,802	16,744,987,330

The summary of the movements in real estate inventories is presented below:

(Amounts in PHP)	Notes	**2024**	2023
Balance at beginning of year		**16,744,987,330**	17,225,443,850
Effect of adoption of PFRS 15	2.1(b)	**(256,370,374)**	-
		16,488,616,956	17,225,443,850
Development costs incurred		**2,607,234,624**	1,953,911,813
Capitalized borrowing cost		**-**	63,020,051
Amount charged to cost of sales	19	**(2,053,715,778)**	(2,497,388,384)
		17,042,135,802	16,744,987,330

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the statements of comprehensive income (see Note 19), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Company's interest-bearing loans and borrowings for the years ended December 31, 2024 and 2023.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management's assessment, the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of real estate inventories have been recognized in the financial statements.

8. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Company relate to a number of joint venture agreements entered into with landowners covering development of certain parcels of land. The joint venture agreements stipulate that the Company's joint venture partners shall contribute parcels of land and the Company shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing, and marketing of condominium units to be constructed on the properties. Costs incurred by the Company for these projects are recognized as part of Real Estate Inventories (see Note 7).

In addition to providing a specified portion of the total project development costs, the Company also commits to advance mutually agreed-upon amounts to the landowners which will then be used for various purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

(Amounts in PHP)	**2024**	2023
Advances to landowners:		
Balance at beginning of year	**137,457,632**	136,561,076
Additional advances (payments)	**(5,393,047)**	896,556
Balance at end of year	**132,064,585**	137,457,632
Advances to joint ventures:		
Balance at beginning of year	**105,436,714**	105,094,814
Additional advances	**3,300**	341,900
Balance at end of year	**105,440,014**	105,436,714
	237,504,599	242,894,346

The Company commits to developing the properties based on the terms agreed with the joint venture partners. The Company has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Company as of December 31, 2024 and 2023.

The net commitment for construction expenditures amount to:

(Amounts in PHP)	**2024**	2023
Total commitment for construction expenditures	**11,205,054,936**	11,205,054,936
Total expenditures incurred	**(9,436,413,353)**	(9,187,561,472)
Net commitment	**1,768,641,583**	2,017,493,464

The Company's interests in jointly controlled operations and projects range from 55% to 82% both in 2024 and 2023. The Company's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Company accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Company was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Company and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Company and the co-joint operator.

As of December 31, 2024 and 2023, the Company has no other material contingent liabilities with regard to these joint ventures.

9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of investments in subsidiaries and an associate as of December 31, 2024 and 2023, which are carried in these separate financial statements at cost, are as follows:

(Amounts in PHP)	**% Interest Held**	**Cost**
Subsidiaries:		
20th Century Nylon Shirt Co., Inc. (20th Century)	100%	696,400,000
Eastwood Property Holdings, Inc. (EPHI)	100%	375,000,000
Valle Verde Properties, Inc. (VVPI)	100%	125,000,000
Sherman Oak Holdings, Inc. (SOHI)	100%	2,500,000
Empire East Communities, Inc. (EECI)	100%	50,000
Laguna BelAir Science School, Inc. (LBASSI)	72.50%	94,250,002
Sonoma Premiere Land, Inc. (SPLI)	60%	820,000,000
Pacific Coast Megacity Inc. (PCMI)	40%	1,764,051,412
		3,877,251,414
Associate –		
Gilmore Property Marketing Associates, Inc. (GPMAI)	47%	293,960,618
		4,171,212,032

Except for EPHI, 20th Century, LBASSI, and PCMI, the registered office, which is also the place of business, of the Company's subsidiaries and an associate is located at 2nd Floor, Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City 1604, Metro Manila. Below is the summary of registered office address of the other subsidiaries, which is also the place of their operations.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City

(b) 20th Century – 632 Shaw Boulevard, Barangay Highway Hills, Mandaluyong City

(c) LBASSI – Barangay Don Jose, Sta. Rosa, Laguna

(d) PCMI – 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

9.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues and net profit (loss) of GPMAI as of December 31 are as follows:

(Amounts in PHP)	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Profit (Loss)
2024	**573,829,498**	**18,669,885**	**12,118,088**	**-**	**10,319,433**	**3,878,617**
2023	570,994,799	17,591,437	12,083,558	-	9,758,990	792,367
2022					3,496,283	(2,283,127)

As of December 31, 2024 and 2023, there are no available fair values for these investment in an associate as it is not listed in stock markets. The related book value of these investment amounted to P280.3 million and P280.0 million as of December 31, 2024 and 2023, respectively.

9.2 Stock Subscriptions Payable

The components of stock subscriptions payable to subsidiaries as of December 31, 2024 and 2023 presented under the Non-current Liabilities section of the statements of financial position, are as follows:

(Amounts in PHP)	
VVPI	93,750,000
SOHI	1,875,000
EECI	37,500
	95,662,500

9.3 Contingent Liabilities

As of December 31, 2024 and 2023, the Company has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Company is not severally liable for all or part of the contingent liabilities of the subsidiaries and an associate.

Based on management's assessment, the Company's investments in subsidiaries and an associate are not impaired due to the active efforts of the Company to fund their respective operations.

10. 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.

(Amounts in PHP)	Transportation Equipment	Office Furniture and Fixtures	Office and Other Equipment	Leasehold Improvements	Right-of-use Assets	Total
December 31, 2024						
Cost	44,858,605	23,154,772	101,187,030	85,542,129	42,663,054	297,405,590
Accumulated depreciation and amortization	(42,306,624)	(23,007,235)	(96,414,780)	(79,633,130)	(24,149,013)	(265,510,782)
Net carrying amount	**2,551,981**	**147,537**	**4,772,250**	**5,908,999**	**18,514,041**	**31,894,808**
December 31, 2023						
Cost	47,301,248	23,154,772	98,470,782	85,184,986	42,663,054	296,774,842
Accumulated depreciation and amortization	(44,627,988)	(22,887,356)	(93,894,354)	(76,382,840)	(14,400,981)	(252,193,519)
Net carrying amount	2,673,260	267,416	4,576,428	8,802,146	28,262,073	44,581,323
January 1, 2023						
Cost	46,790,248	22,864,770	94,128,756	80,414,035	-	244,197,809
Accumulated depreciation and amortization	(45,715,788)	(22,818,639)	(92,341,011)	(70,643,211)	-	(231,518,649)
Net carrying amount	1,074,460	46,131	1,787,745	9,770,824	-	12,679,160

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

(Amounts in PHP)	Transportation Equipment	Office Furniture and Fixtures	Office and Other Equipment	Leasehold Improvements	Right-of-use Assets	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	2,673,260	267,416	4,576,428	8,802,146	28,262,073	44,581,323
Additions	797,357	-	2,716,248	357,143	-	3,870,748
Depreciation and amortization charges for the year	(918,636)	(119,879)	(2,520,426)	(3,250,290)	(9,748,032)	(16,557,263)
Net carrying amount at December 31, 2024	**2,551,981**	**147,537**	**4,772,250**	**5,908,999**	**18,514,041**	**31,894,808**
Balance at January 1, 2023, net of accumulated depreciation and amortization	1,074,460	46,131	1,787,745	9,770,824	-	12,679,160
Additions	2,611,179	359,644	4,505,062	4,770,951	42,663,054	54,909,890
Write off	-	(69,642)	(163,036)	-	-	(232,678)
Depreciation and amortization charges for the year	(1,012,379)	(68,717)	(1,553,343)	(5,739,629)	(14,400,981)	(22,775,049)
Net carrying amount at December 31, 2023	2,673,260	267,416	4,576,428	8,802,146	28,262,073	44,581,323
Balance at January 1, 2022, net of accumulated depreciation and amortization	3,216,550	78,584	2,976,107	13,746,585	-	20,017,826
Additions	-	-	1,001,188	-	-	1,001,188
Depreciation and amortization charges for the year	(2,142,090)	(32,453)	(2,189,550)	(3,975,761)	-	(8,339,854)
Net carrying amount at December 31, 2022	1,074,460	46,131	1,787,745	9,770,824	-	12,679,160

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

In 2024 and 2023, the Company derecognized certain fully depreciated transportation equipment with a cost of P3.2 million and P2.1 million, respectively, and certain furniture and fixtures with a carrying value of P0.2 million in 2023. There was no similar transaction in 2022.

In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. In 2023, such cost of leasehold improvements were considered as part of lease credits in the Company's new lease agreement with Megaworld (see Note 15). There were no similar transactions in 2024 and 2022.

In 2022, the Company sold fully depreciated transportation equipment for P0.1 million and recognized a gain on sale presented as part of Miscellaneous under Other Income in the Revenue and Income section of the 2022 statement of comprehensive income (see Note 20.1). There was no similar disposal made in 2024 and 2023.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2024, 2023 and 2022 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in operations amounted to P223.3 million and P224.1 million as of December 31, 2024 and 2023, respectively.

11. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2024 and 2023 are shown below.

(Amounts in PHP)	**2024**	2023
Cost	**62,122,935**	62,122,935
Accumulated amortization	**(35,052,045)**	(28,839,751)
Net carrying amount	**27,070,890**	33,283,184

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2024, 2023, and 2022 is shown below.

(Amounts in PHP)	**2024**	2023	2022
Balance at beginning of year	**33,283,184**	39,495,478	38,302,050
Amortization expense for the year	**(6,212,294)**	(6,212,294)	(6,212,294)
Additions	**-**	-	7,405,722
Balance at end of year	**27,070,890**	33,283,184	39,495,478

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

Intangible asset is subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2024, 2023 and 2022 as the recoverable amount of intangible asset determined by management is higher than its carrying value.

The intangible asset has not been pledged as security for liabilities.

12. INVESTMENT PROPERTIES

The Company's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from operating leases recognized for the years ended December 31, 2024, 2023, and 2022 amounted to P121.7 million, P92.8 million, and P72.4 million, respectively, and are presented as part of Rental Income in the statements of comprehensive income. There is no rental income arising from finance lease in 2024, 2023 and 2022. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P2.3 million in 2024, P1.5 million in 2023 and 2022, and repairs and maintenance amounting to P1.8 million, P2.6 million, and P1.8 million, in 2024, 2023 and 2022, respectively, were recognized as related expense in those years, and were presented as part of Taxes and licenses, and Repairs and maintenance under Other Expenses account in the statements of comprehensive income (see Note 20.2).

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

(Amounts in PHP)	**2024**	2023	2022
Fixed	**82,709,280**	81,021,234	60,145,927
Variable	**38,957,633**	11,768,292	12,284,970
	121,666,913	92,789,526	72,430,897

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

		Held for Lease		
(Amounts in PHP)	**Land**	**Building**	**Property held for lease**	**Total**
December 31, 2024				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(40,892,129)	(373,818,545)	(414,710,674)
Net carrying value	**1,040,000**	**6,382,011**	**551,641,851**	**559,063,862**
December 31, 2023				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	1,040,000	8,509,347	577,533,064	587,082,411
January 1, 2023				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(36,637,457)	(322,036,119)	(358,673,576)
Net carrying value	1,040,000	10,636,683	603,424,277	615,100,960

A reconciliation of the carrying amount of investment properties at the beginning and end of 2024, 2023, and 2022 is as follows:

(Amounts in PHP)	**Land**	**Building**	**Property held for lease**	**Total**
Balance at January 1, 2024, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2024, net of accumulated depreciation	**1,040,000**	**6,382,011**	**551,641,851**	**559,063,862**
Balance at January 1, 2023, net of accumulated depreciation	1,040,000	10,636,683	603,424,277	615,100,960
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411
Balance at January 1, 2022, net of accumulated depreciation	1,040,000	12,764,019	629,315,490	643,119,509
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2022, net of accumulated depreciation	1,040,000	10,636,683	603,424,277	615,100,960

The amount of depreciation of investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2024, 2023, and 2022 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 30.3.

13. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings are discussed below and in the succeeding page.

(Amounts in PHP)

2024	2023	Interest Rate	Security	Maturity
650,000,000	850,000,000	Floating rate at 8.5% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Company obtained an interest-bearing, unsecured 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 per annum. The proceeds were used to fund the development of the Company's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Company to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2024 and 2023, the Company is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2024, 2023, and 2022 amounted to P65.7 million, P80.4 million, and P52.4 million, respectively (see Note 21.2). The related interest amounting to P63.0 million in 2023 is capitalized as part of Real Estate Inventories account in the statements of financial position. Unpaid interest as of December 31, 2024 and 2023 amounted to P8.6 million, and P11.9 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 8.04% in 2023, respectively (see Note 7). There was no similar transaction in 2024 and 2022.

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the statements of financial position as follows:

(Amounts in PHP)	**2024**	2023
Current	**200,000,000**	200,000,000
Non-current	**450,000,000**	650,000,000
	650,000,000	850,000,000

14. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Note	**2024**	2023
Trade payables		**2,100,200,737**	2,284,625,421
Accrued expenses		**166,160,169**	59,669,495
Payable to government agencies		**72,832,949**	39,080,973
Interest payable	13	**8,615,678**	11,939,667
		2,347,809,533	2,395,315,556

Accrued expenses include the Company's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from the accrual of construction expenditures incurred during the year.

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

15. LEASES

In 2023, the Company entered into a lease agreement for its office spaces with remaining lease terms of three years, which is presented as Right-of-use assets under Property and Equipment. No lease liabilities were recognized due to lease credits granted to the Company amounting to P106.1 million, which is presented as part of Other Income in the 2023 statement of comprehensive income (see Note 20.1). These lease credits represent the cost of leasehold improvements and expenses incurred by the Company in its previously pre-terminated lease agreement with Megaworld, which was later reimbursed by way of application to the Company's future lease payments to Megaworld (see Note 10).

In 2024 and 2023, portions of the lease credits amounting to P51.4 million and P42.7 million, respectively, were applied as payment for the lease agreement with Megaworld. The remaining lease credits amounting to P12.0 million and P63.4 million in 2024 and 2023, respectively, were presented as part of Prepayments and Other Current Assets in the statements of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Company is prohibited from selling or pledging the underlying leased assets as security. The Company must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Company must incur maintenance fees on such items in accordance with the lease contracts.

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

The December 31, 2024, 2023, and 2022 expenses relating short-term leases amounted to P19.8 million, P12.9 million, and P13.4 million, respectively, are presented as Rentals in the statements of comprehensive income.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

(Amounts in PHP)	**2024**	2023
Advances from customers	**3,567,815,251**	3,884,867,069
Other deposits	**1,175,850,542**	1,255,908,906
	4,743,665,793	5,140,775,975

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Company. The advances are deducted from the contract price once the related real estate sales are recognized by the Company.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of titles to customers.

17. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

(Amounts in PHP)	Note	**2024**	2023
Retention payable		**749,941,703**	694,122,718
Refund liability	20.2	**396,218,713**	287,636,551
Refundable deposits		**50,913,269**	48,934,170
Other liabilities		**11,482,461**	11,482,461
		1,208,556,146	1,042,175,900

Retention payable pertains to amounts withheld from payments to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2024, 2023, and 2022 amounted to P111.7 million, P57.8 million, and P44.2 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the statements of comprehensive income (see Note 20.2).

18. REAL ESTATE SALES

18.1 Disaggregation of Revenues

The Company derives revenues from sale of real properties and other income. An analysis of the Company's real estate sales is presented below:

(Amounts in PHP)	**2024**	2023	2022
Geographical areas			
Within Metro Manila	**3,004,498,017**	3,439,460,043	3,130,268,670
Outside Metro Manila	**238,144,981**	558,078,226	669,696,970
	3,242,642,998	3,997,538,269	3,799,965,640
Types of product or services			
Residential condominium	**3,136,454,171**	3,651,882,437	3,566,584,650
Residential lots and house and lots	**106,188,827**	345,655,832	233,380,990
	3,242,642,998	3,997,538,269	3,799,965,640

18.2 Contract Accounts

a. Contract Assets

The Company's contract assets as of December 31 are classified as follows:

(Amounts in PHP)	**2024**	2023
Current	**2,498,252,566**	2,534,011,730
Non-current	**768,746,952**	207,184,338
	3,266,999,518	2,741,196,068

The significant changes in the contract assets balance as of December 31 are as follows:

(Amounts in PHP)	Notes	**2024**	2023
Balance at beginning of year		**2,741,196,068**	2,583,113,379
Effect of adoption of PFRS 15	2.1(b)	**(202,715,531)**	-
		2,538,480,537	2,583,113,379
Increase as a result of changes in measurement of progress		**572,668,405**	1,131,957,897
Accretion of interest income from significant financing component	21.1	**155,850,576**	-
Transfers from contract assets recognized at the beginning of year to trade receivables		**-**	(973,875,208)
Balance at end of year		**3,266,999,518**	2,741,196,068

b. Contract Liabilities

The Company's contract liabilities are classified as follows:

(Amounts in PHP)	**2024**	2023
Current	**170,000,828**	96,357,478
Non-current	**112,633,789**	160,409,459
	282,634,617	256,766,937

The significant changes in the contract liabilities balance as of December 31 are as follows:

(Amounts in PHP)	Notes	**2024**	2023
Balance at beginning of year		**256,766,937**	308,855,445
Effect of adoption of PFRS 15	2.1(b)	**17,348,096**	-
		274,115,033	308,855,445
Increase (decrease) due to cash received in excess of performance to date		**23,177,108**	(27,218,382)
Revenue recognized that was included in contract liabilities at the beginning of year		**(22,650,120)**	(24,870,126)
Accretion of interest expense from significant financing component	21.2	**7,992,596**	-
Balance at end of year		**282,634,617**	256,766,937

18.3 Direct Contract Costs

The Company incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets account in the statements of financial position. These are amortized over the expected construction period on the same basis as to how the Company measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2024, 2023, and 2022 is presented as part of Commissions account under Costs and Expenses section in the statements of comprehensive income.

The movements in balances of deferred commission in 2024 and 2023 are presented below:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**353,313,187**	286,738,125
Additional capitalized cost	**156,217,463**	120,344,045
Amortization for the year	**(40,325,268)**	(53,768,983)
Balance at end of year	**469,205,382**	353,313,187

18.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2024 and 2023 is P6.1 billion and P4.7 billion, respectively. As of December 31, 2024 and 2023, the Company expects to recognize revenue from unsatisfied contracts as presented below.

(Amounts in PHP)	**2024**	2023
Within a year	**2,913,019,941**	2,061,764,238
More than one year to three years	**3,008,620,097**	2,083,346,476
More than three years to five years	**228,062,716**	546,532,407
	6,149,702,754	4,691,643,121

19. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

(Amounts in PHP)	**2024**	2023	2022
Contracted services	**1,800,065,159**	2,097,483,149	1,902,020,736
Land cost	**224,542,314**	286,217,315	234,409,831
Borrowing cost	**-**	75,798,696	40,525,285
Other costs	**29,108,305**	37,889,224	51,065,163
	2,053,715,778	2,497,388,384	2,228,021,015

20. OTHER INCOME AND OTHER EXPENSES

20.1 Other Income

The details of this account are shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Forfeited collections and deposits		**522,563,375**	247,937,294	131,996,577
Marketing and management fees	24.2	**47,089,147**	51,592,812	46,783,504
Income from lease credits	15	**-**	106,091,000	-
Miscellaneous	10	**2,676,519**	4,072,046	2,677,657
		572,329,041	409,693,152	181,457,738

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers. This also includes a portion of payments received by the Company upon approval of buyer's request to transfer to other units.

Miscellaneous fees include manning charges and gain on asset disposal.

20.2 Other Expenses

The breakdown of this account is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Provision for refund liability	17	**111,670,352**	57,795,155	44,213,877
Repairs and maintenance	12	**34,808,263**	9,976,401	6,115,507
Professional fees	24.4	**25,427,046**	3,857,080	4,204,980
Security services		**17,886,394**	10,864,681	6,457,078
Utilities		**15,770,375**	13,755,221	12,726,310
Computer software subscription		**13,333,781**	4,413,127	5,303,189
Janitorial services		**12,144,154**	5,525,555	10,890,493
Insurance		**11,301,669**	6,557,091	4,221,203
Office supplies		**8,248,010**	1,846,815	1,381,667
Trainings, seminars, and other benefits		**5,637,172**	6,915,628	1,598,349
Outside services		**4,868,586**	1,256,786	493,868
Marketing events and awards		**3,938,543**	4,581,544	2,078,720
Documentation		**2,345,910**	1,618,732	1,080,904
Representation		**446,082**	208,212	298,346
Donations and contributions		**381,214**	769,554	108,909
Miscellaneous		**6,894,153**	2,498,728	1,919,385
		275,101,704	132,440,310	103,092,785

Miscellaneous expenses include bank charges, motor vehicle registration and others.

21. FINANCE INCOME AND FINANCE COSTS

The details of this account are shown below.

21.1 Finance Income

The breakdown of Finance income is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Interest income:				
Advances to related parties	24.1	**446,647,063**	341,664,391	302,804,216
Cash and cash equivalents	5	**91,419,904**	80,927,956	30,730,789
Trade receivables	6, 24.3	**28,827,986**	27,007,752	26,482,239
Amortization of day-one loss on noninterest bearing financial instruments	6	**172,877,182**	121,259,226	117,776,313
Significant financing component	18.2(a)	**155,850,576**	-	-
Foreign currency gains - net		**7,273,445**	315,709	169,007
Net interest income on post-employment defined benefit obligation	22.2	**-**	37,234	-
		902,896,156	571,212,268	477,962,564

21.2 Finance Costs

The breakdown of Finance costs is shown below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Interest expense on:				
Advances from related parties	24.1	**405,541,070**	370,332,612	340,333,360
Bank loans	13	**65,748,636**	17,360,365	52,434,995
Net interest expense on post-employment defined benefit obligation	22.2	**8,867,608**	-	3,154,475
Significant financing component	18.2(b)	**7,992,596**	-	-
		488,149,910	387,692,977	395,922,830

22. SALARIES AND EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

(Amounts in PHP)	Note	**2024**	2023	2022
Short-term benefits		**397,632,968**	371,310,425	328,258,785
Post-employment benefits	22.2	**27,155,997**	19,494,873	23,320,504
		424,788,965	390,805,298	351,579,289

22.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Company maintains a partially funded, tax-qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Company. The post-employment defined benefit 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 benefits ranging from 60% to 200% of final monthly salary for every year of credited service, but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Financial Statements

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the latest actuarial valuation report obtained from an independent actuaries.

The net amounts of post-employment defined benefit obligation recognized in the statements of financial position are determined as follows:

(Amounts in PHP)	**2024**	2023
Present value of the obligation	**502,476,017**	484,125,110
Fair value of plan assets	**(327,337,322)**	(391,596,738)
	175,138,695	92,528,372

The movements in the present value of the post-employment defined benefit obligation are as follows:

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**484,125,110**	354,475,902
Current service cost	**27,155,997**	19,494,873
Interest expense	**31,758,607**	26,727,483
Benefits paid	**(85,297,176)**	(10,394,726)
Remeasurements –		
Actuarial losses arising from:		
Experience adjustments	**19,350,516**	155,858
Changes in financial assumptions	**17,073,212**	89,523,837
Changes in demographic assumptions	**8,309,751**	4,141,883
Balance at end of year	**502,476,017**	484,125,110

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

(Amounts in PHP)	**2024**	2023
Balance at beginning of year	**391,596,738**	335,167,084
Benefits paid	**(85,297,176)**	(10,394,726)
Interest income	**22,890,999**	26,764,717
Loss on plan assets (excluding amounts included in net interest)	**(1,853,239)**	(9,940,337)
Actual contributions	**-**	50,000,000
Balance at end of year	**327,337,322**	391,596,738

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

(Amounts in PHP)	**2024**	2023
Cash and cash equivalents	**208.0**	304.9
Investment in government issued debt securities	**119.3**	86.7
	327.3	391.6

The plan assets earned positive returns of P21.0 million and P16.8 million in 2024 and 2023, respectively.

The components of amounts recognized in the statements of comprehensive income in respect of the post-employment DBO are presented below.

(Amounts in PHP)	Notes	**2024**	2023	2022
Reported in profit or loss:				
Current service cost	22.1	**27,155,997**	19,494,873	23,320,504
Net interest expense (income)	21.1, 21.2	**8,867,608**	(37,234)	3,154,475
		36,023,605	19,457,639	26,474,979
Reported in other comprehensive loss (income):				
Actuarial losses (gains) arising from:				
Experience adjustments		**19,350,516**	155,858	33,915,699
Changes in financial assumptions		**17,073,212**	89,523,837	(63,477,775)
Demographic assumptions		**8,309,751**	4,141,883	(21,939,946)
Loss on plan assets (excluding amounts included in net interest)		**1,853,239**	9,940,337	14,729,228
		46,586,718	103,761,915	(36,772,794)

Current service cost is presented as part of Salaries and Employee Benefits account under Costs and Expenses section of the statements of comprehensive income (see Note 22.1), while the amounts of net interest expense (income) are included as part of either the Finance Costs account under Costs and Expenses or Finance Income under Revenues and Income sections of the statements of comprehensive income.

The amounts recognized in other comprehensive income (loss) were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment DBO, the following significant actuarial assumptions were used:

	2024	2023	2022
Discount rates	**6.11%**	6.56%	7.54%
Expected rate of salary increases	**6.00%**	6.00%	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 27.0 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the retirement 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 Company to actuarial risks such as investment and interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

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

(ii) Longevity and Salary Risks

The present value of the post-employment DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after 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 Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
2024			
Discount rate	**+7.3%/-8.3%**	**(36,603,911)**	**41,895,892**
Salary increase rate	**+8.3%/-7.4%**	**41,522,960**	**(36,965,740)**
2023			
Discount rate	+7.0%/-8.1%	(33,690,228)	39,049,479
Salary increase rate	+8.0%/-7.1%	38,876,517	(34,155,083)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment 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 post-employment 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 post-employment DBO recognized in the statements of financial position.

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

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in cash and cash equivalents with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

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

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P175.1 million. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 10 years' time when a significant number of employees is expected to retire.

The Company expects to make contribution of at least P50.0 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as at December 31 for the next 10 years are as follows:

(Amounts in PHP)	**2024**	2023
Within one year	**153,294,401**	218,260,402
More than one year to four years	**16,761,950**	10,825,152
More than four years to five years	**30,254,063**	6,172,336
More than five years to 10 years	**359,445,516**	224,099,862
	559,755,930	459,357,752

The weighted average duration of the DBO at the end of the reporting period is 7.8 years.

23. TAX EXPENSE

The components of tax expense reported in the statements of comprehensive income for the years ended December 31 are presented below.

(Amounts in PHP)	**2024**	2023	2022
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%	**133,993,061**	86,354,955	121,102,334
Final tax at 20%, 15% and 7.5%	**18,181,663**	16,149,904	6,129,455
	152,174,724	102,504,859	127,231,789
Deferred tax expense relating to origination and reversal of temporary differences	**56,150,508**	112,239,607	98,933,628
	208,325,232	214,744,466	226,165,417
Reported in other comprehensive loss (income) –			
Deferred tax expense (income) relating to remeasurement of retirement benefit plan	**(11,646,680)**	(25,940,480)	9,193,199

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the statements of comprehensive income is as follows:

(Amounts in PHP)	**2024**	2023	2022
Tax on pre-tax profit at 25%	**223,535,346**	258,660,548	222,886,533
Adjustment for income subjected to lower income tax rates	**(4,673,312)**	(4,082,084)	(1,553,243)
Tax effects of:			
Non-taxable income on forfeited collections	**(32,186,712)**	(48,230,566)	(285,708)
Non-deductible taxes and licenses	**7,996,056**	3,292,722	2,710,567
Non-deductible interest expense	**6,569,144**	4,046,398	1,536,540
Measurement of installment receivables under effective interest method	**5,164,254**	12,904,489	870,728
Others – net	**1,920,456**	(11,847,041)	-
	208,325,232	214,744,466	226,165,417

The net deferred tax liabilities as of December 31 relate to the following:

	Statements of Financial Position		Statements of Profit and Loss		
(Amounts in PHP)	**2024**	2023	**2024**	2023	2022
Deferred tax assets:					
Refund liability	**99,054,678**	71,909,138	**(27,145,540)**	(13,983,010)	(10,355,166)
Retirement benefit obligation	**43,784,674**	23,132,094	**(9,005,900)**	7,635,591	5,881,254
Allowance for impairment	**8,874,362**	8,874,362	**-**	-	-
	151,713,714	103,915,594	**(36,151,440)**	(6,347,419)	(4,473,912)
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,096,466,090)**	(2,033,618,301)	**62,847,789**	127,381,806	122,945,667
Deferred commission	**(117,301,346)**	(88,328,298)	**28,973,048**	16,643,766	6,936,533
Right-of-use asset	**(4,628,510)**	(7,065,518)	**(2,437,008)**	7,065,519	-
Unrealized foreign exchange loss – net	**(1,818,362)**	(78,928)	**1,739,434**	36,675	35,465
Rental income recognized based on PFRS 16	**(1,178,685)**	-	**1,178,685**	-	-
Capitalized borrowing cost	**-**	(52,603,596)	**-**	(32,540,740)	(26,510,125)
	(2,221,392,993)	(2,181,694,641)	**92,301,948**	118,587,026	103,407,540
Deferred tax expense			**56,150,508**	112,239,607	98,933,628
Deferred tax liabilities - net	**(2,069,679,279)**	(2,077,779,047)			

The deferred tax expense presented in Other Comprehensive Income section of the statements of comprehensive income pertain to the tax effect of remeasurements of retirement benefit obligation which resulted in a tax income amounting to P11.6 million and P26.0 million in 2024 and 2023, respectively, and tax expense of P9.2 million in 2022.

In 2024 and 2023, the Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% and 1%, respectively, of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher.

In 2024, 2023 and 2022, the Company opted to claim itemized deductions in computing for its tax due.

24. RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, subsidiaries, an associate, related parties under common ownership, key management personnel, and the Company's retirement plan as described below and in the succeeding pages.

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 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 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 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.

(Amounts in PHP)		Amount of Transactions			Outstanding Balance	
Related Party Category	Notes	**2024**	2023	2022	**2024**	2023
Parent Company:						
Right-of -use asset	10	**9,748,032**	14,400,981	-	**18,514,041**	28,262,073
Lease credits	15	**(51,385,426)**	106,091,000	-	**12,042,520**	63,427,946
Repayments (availment) of advances	24.1	**-**	(5,759)	3,164	**(5,737,525,504)**	(5,350,001,894)
Interest expense	21.2, 24.1	**(387,523,610)**	(349,390,876)	(316,098,291)	**-**	-
Obtaining of services	24.4	**1,141,140**	1,244,880	1,037,400	**-**	-
Rendering of services	24.2	**-**	-	-	**340,315,108**	340,315,108
Subsidiaries:						
Granting of advances	24.1	**(521,900)**	2,269,076	2,474,584	**1,210,723,038**	1,211,244,938
Repayments (availment) of advances	24.1	**5,652**	19,295,096	(1,623,365)	**(499,203,587)**	(499,209,239)
Interest income	24.3	**517,970**	646,755	386,354	**2,067,634**	1,549,664
Real estate sales	24.3	**-**	-	-	**5,739,497**	5,739,497
Associate –						
Availment of advances	24.1	**4,517,835**	2,817,758	2,211,467	**(374,343,362)**	(378,861,197)
Related Parties under Common Ownership:						
Granting of advances	24.1	**431,068,665**	382,198,207	336,882,017	**4,943,510,407**	4,512,441,742
Availment of advances	24.1	**63,017,459**	65,941,736	64,235,069	**(242,168,381)**	(287,168,381)
Interest expense	21.2, 24.1	**(18,017,459)**	(20,941,736)	(24,235,069)	**-**	-
Lease of property	24.2	**41,135,041**	34,201,327	32,088,357	**4,714,741**	-
Management services	24.2	**2,822,776**	16,761,095	14,810,513	**44,119**	44,119
Obtaining of services	24.4	**21,569,706**	-	-	**-**	-
Key Management Personnel -						
Compensation	24.5	**64,833,816**	72,421,676	68,610,928	**-**	-

The Company's outstanding receivables from and payables to related parties arising from rendering of services and cash advances to related parties are unsecured and are generally settled in cash or through offsetting arrangement with the related parties.

24.1 Advances to and from Related Parties

The Company grants to and obtains unsecured advances from subsidiaries, an associate and other related parties, including those under common ownership, for working capital purposes and other purposes.

Some of these advances are interest-bearing with interest rates ranging from 7.00% to 15.00% both in 2024 and 2023.

The details of Advances to Related Parties account as at December 31 are shown below.

(Amounts in PHP)	**2024**	2023
Subsidiaries	**1,210,723,038**	1,211,244,938
Related parties under common ownership	**4,943,510,407**	4,512,441,742
	6,154,233,445	5,723,686,680
Allowance for impairment	**(35,497,446)**	(35,497,446)
	6,118,735,999	5,688,189,234

The movements in the Advances to Related Parties account are shown below.

(Amounts in PHP)	**2024**	2023
Subsidiaries:		
Balance at beginning of year	**1,211,244,938**	1,208,975,862
Collections	**(3,497,589)**	(400,696)
Additional advances	**2,975,689**	2,669,772
Balance at end of year	**1,210,723,038**	1,211,244,938
Related parties under common ownership:		
Balance at beginning of year	**4,512,441,742**	4,130,243,535
Interest income	**446,647,063**	341,664,391
Reclassification	**(14,227,860)**	-
Collections	**(3,480,018)**	-
Additional advances	**2,129,480**	40,533,816
Balance at end of year	**4,943,510,407**	4,512,441,742
Allowance for impairment	**(35,497,446)**	(35,497,446)

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from its Parent Company, subsidiaries, an associate, and certain related parties under common ownership. The details as at December 31 are as follow:

(Amounts in PHP)	**2024**	2023
Parent Company	**5,737,525,504**	5,350,001,894
Subsidiaries	**499,203,587**	499,209,239
Associate	**374,343,362**	378,861,197
Related parties under common ownership	**242,168,381**	287,168,381
Balance at end of year	**6,853,240,834**	6,515,240,711

The movement in the Advances from Related Parties account is shown below.

(Amounts in PHP)	**2024**	2023
Parent:		
Balance at beginning of year	**5,350,001,894**	5,000,605,259
Accrued interests	**387,523,610**	349,390,876
Additions	**-**	5,759
Balance at end of year	**5,737,525,504**	5,350,001,894
Subsidiaries:		
Balance at beginning of year	**499,209,239**	518,504,335
Repayments	**(5,652)**	(19,295,096)
Balance at end of year	**499,203,587**	499,209,239
Associate:		
Balance at beginning of year	**378,861,197**	381,678,955
Repayments	**(4,517,835)**	(2,817,758)
Balance at end of year	**374,343,362**	378,861,197
Common ownership:		
Balance at beginning of year	**287,168,381**	332,168,381
Repayments	**(63,017,459)**	(65,941,736)
Accrued interests	**18,017,459**	20,941,736
Balance at end of year	**242,168,381**	287,168,381

These advances to/from parent company, subsidiaries, associate, and other related parties are generally collectible/payable in cash on demand or through offsetting arrangements with the related parties (see Note 29.2). Cash advances from Parent Company bear fixed interest rate ranging between 7% and 12% per annum in 2024, 2023 and 2022. Interest income and interest expense arising from these transactions are presented as part of Finance Income and Finance Costs account, respectively, in the statements of comprehensive income (see Notes 21.1 and 21.2).

24.2 Rendering of Services to Related Parties

The summary of services offered by the Company is presented below.

(Amounts in PHP)	**Amount of Transactions**		
	2024	2023	2022
Lease of property	**41,135,041**	34,201,327	32,088,357
Management services	**2,822,776**	16,761,095	14,810,513
	43,957,817	50,962,422	46,898,870

The Company handles the administrative functions of a related party under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recorded as part of Marketing and management fees under Other Income account in the statements of comprehensive income (see Note 20.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the statements of financial position (see Note 6).

The Company leases certain investment property to a related party under common ownership. The revenues earned from the lease are included as part of Rental Income account in the statements of comprehensive income. The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 6).

24.3 Real Estate Sales

In 2000, the Company sold a parcel of land located in Sta. Rosa, Laguna to its subsidiary for P81.1 million. The outstanding receivable from this sale is presented as part of Trade receivables under Trade and Other Receivables account in the statements of financial position (see Note 6).

The related interest income is shown as part of Finance Income account under Revenues and Income section in the statements of comprehensive income (see Note 21.1). There is an unpaid interest receivable amounting to P2.1 million and P1.5 million as of December 31, 2024 and 2023, respectively, and is presented as part of Interest receivable under Trade and Other Receivables account in the statements of financial position (see Note 6).

24.4 Obtaining of Services

The Company incurred management fees for marketing services obtained from its Parent Company and a related party under common ownership amounting to P22.7 million, P1.2 million and P1.0 million in 2024, 2023, and 2022, respectively, and is presented as part of Professional fees under Other Expenses account in the statements of comprehensive income (see Note 20.2). There was no outstanding payable from this transaction as of December 31, 2024 and 2023.

24.5 Key Management Personnel Compensation

The key management personnel compensation includes the following expenses:

(Amounts in PHP)	**2024**	2023	2022
Short-term benefits	**53,929,021**	54,486,438	46,456,449
Post-employment benefits	**10,904,795**	17,935,238	22,154,479
	64,833,816	72,421,676	68,610,928

These are included as part of Salaries and Employee Benefits account under Costs and Expenses section of the statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022 (see Note 22.1).

24.6 Retirement Plan

The Company's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2024 and 2023 are presented in Note 22.2. As of December 31, 2024 and 2023, the Company's retirement fund does not include any investments in any debt or equity securities issued by the Company or any of its related parties.

The Company's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

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

25. EQUITY

25.1 Capital Stock

Capital stock as of December 31, 2024 and 2023 is presented below.

(Amounts in PHP)	**No. of Shares**	**Amount**
Common shares – P1 par value		
Authorized	31,495,200,000	31,495,200,000
Issued	14,803,455,238	14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	2,000,000,000

Megaworld has 81.73% ownership interest in the Company as of December 31, 2024 and 2023.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2024 and 2023.

On April 24, 1996, the SEC approved the listing of the Company's shares totalling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2024, 2023, and 2022, there are 12,252, 12,297 and 12,336 shareholders of the listed shares, respectively. The shares were listed and closed at a price of P0.12, P0.13 and P0.19 per share as of December 27, 2024, December 27, 2023 and December 31, 2022, respectively.

25.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Company's shareholders over the total par value of the common shares. There were no movements in the Company's APIC accounts in 2024 and 2023.

25.3 Treasury Stocks

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Company's shares of common stock within a 24-month period under certain terms and conditions as the Company's senior management may deem beneficial to the Company and its stockholders.

As of December 31, 2024 and 2023, the Company's treasury stocks amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

25.4 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

26. EARNINGS PER SHARE

Basic and diluted earnings per share are computed as follows:

(Amounts in PHP)	**2024**	2023	2022
Income available to common shares	**685,816,153**	819,897,726	665,380,717
Divided by the weighted average number of outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**0.047**	0.056	0.045

Diluted earnings per share equal the basic earnings per share since the Company does not have dilutive shares as of December 31, 2024, 2023 and 2022.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

27.1 Operating Lease Commitments – Company as Lessor

The Company 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 Company's revenue from rental properties are derived from commercial and parking spaces.

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 Refundable deposits under Other Current Liabilities in the statements of financial position (see Note 17).

The Company is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases as of December 31 are presented below.

(Amounts in PHP)	**2024**	2023	2022
Within one year	**92,465,532**	87,091,504	60,486,736
After one year but not more than two years	**77,502,033**	66,419,329	30,607,954
After two years but not more than three years	**56,244,394**	57,583,883	19,311,320
After three years but not more than four years	**22,599,392**	48,775,972	15,485,223
After four years but not more than five years	**-**	22,599,392	6,566,925
More than five years	**-**	-	1,004,708
	248,811,351	282,470,080	133,462,866

The total rentals from these operating leases amounted to about P134.2 million, P107.5 million, and P89.6 million in 2024, 2023, and 2022, respectively, and are presented as Rental Income account under Revenues and Income section of the statements of comprehensive income.

27.2 Legal Claims

As of December 31, 2024 and 2023, the Company does not have any litigations within and outside the normal course of its business.

27.3 Credit Lines

The Company has existing credit lines with local banks for a maximum amount of P1,520.0 million as of December 31, 2024 and 2023. The Company has unused lines of credit amounting to P520.0 million as of December 31, 2024 and 2023.

27.4 Capital Commitments

As of December 31, 2024, and 2023, the Company has commitments amounting to P1.8 billion and P2.0 billion, respectively, for the construction expenditures in relation to the Company's joint venture (see Note 8).

27.5 Others

There are other commitments and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its financial statements, taken as a whole.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating, investing and financing activities. Risk management is carried out by a central treasury department under policies approved by the Company's BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Company is exposed to are described below and in the succeeding pages.

28.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Company's transactions are denominated in Philippine peso, which is its functional currency. The Company's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the financial statements as of December 31, 2024 and 2023 (see Note 21.1). The Company has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2024 and 2023, the Company has an outstanding long-term loan with a variable interest rate (see Note 13).

There is no fixed rate debt in 2024, 2023 and 2022.

At December 31, 2024 and 2023, the Company is only exposed to changes in market interest through its cash and cash equivalents and long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

28.2 Credit Risk

The maximum credit risk exposure of the Company is the carrying amount of the financial assets and contract assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below.

(Amounts in PHP)	Notes	**2024**	2023
Cash and cash equivalents	5	**2,854,673,852**	3,709,338,325
Trade and other receivables (excluding Advances to suppliers and contractors, and Advances to condominium associations)	6	**8,663,559,320**	8,622,239,273
Contract assets	18.2	**3,266,999,518**	2,741,196,068
Advances to related parties	24.1	**6,118,735,999**	5,688,189,234
		20,903,968,689	20,760,962,900

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables as described below and in the succeeding pages.

(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 Receivables and Contract Assets

Trade and other receivables (excluding Advances to suppliers and contractors and Advances to condominium associations) and contract assets are subject to credit risk exposure. The Company, however, does not identify specific concentrations of credit risk with regard to trade receivables, as the amounts recognized resemble a large number of receivables from various customers. In addition, certain accounts receivable from trade customers are covered by post-dated checks. The Company also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Company undertakes credit review procedures for all installment payment terms. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Company's buyers' profile.

The Company has used the simplified approach in measuring ECL for trade receivables and has calculated ECL based on lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Company considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from the real estate sale. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented below:

(Amounts in PHP)	**Gross Maximum Exposure**	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
2024				
Contract assets	3,266,999,518	17,357,759,211	-	3,266,999,518
Contract receivables	7,966,247,858	27,721,663,399	-	7,966,247,858
	11,233,247,376	**45,079,422,610**	**-**	**11,233,247,376**
2023				
Contract assets	2,741,196,068	11,392,051,862	-	2,741,196,068
Contract receivables	7,702,542,915	20,562,776,892	-	7,702,542,915
	10,443,738,983	31,954,828,754	-	10,443,738,983

Other components of receivables such as rental receivables and others are also evaluated by the Company for impairment and assessed that no ECL should be provided. A significant portion of the Company's rental receivables are from Megaworld, the impairment of which is assessed using the latter's ability to pay [see Note 28.2(c)]. Rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are in average equivalent to six months.

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. The trade receivables that are past due but not impaired are as follows:

(Amounts in PHP)	**2024**	2023
Not more than three months	**267,859,203**	190,494,813
More than three months but not more than six months	**381,995,646**	312,624,389
More than six months but not more than one year	**458,683,713**	340,066,126
More than one year	**195,219,873**	124,782,369
	1,303,758,435	967,967,697

(c) Advances to Related Parties and Rent receivable and Management fee receivable (from related parties)

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from certain related parties as of December 31, 2024 and 2023 are not recoverable since these related parties have no capacity to pay the advances upon demand. On that basis, the loss allowance as at December 31, 2024 and 2023 amounted to P35.5 million (see Note 24.1).

The Company does not consider any significant risks on the remaining advances to related parties since Megaworld and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2024 and 2023, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2024 and 2023.

(Amounts in PHP)	**Neither Past Due nor Specifically Impaired**			**Past Due but Not Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
2024					
Cash and cash equivalents	2,854,673,852	-	-	-	2,854,673,852
Trade and other receivables	-	7,359,800,885	-	1,303,758,435	8,663,559,320
Contract assets	-	3,266,999,518	-	-	3,266,999,518
Advances to related parties	-	6,118,735,999	-	-	6,118,735,999
	2,854,673,852	**16,745,536,402**	**-**	**1,303,758,435**	**20,903,968,689**
2023					
Cash and cash equivalents	3,709,338,325	-	-	-	3,709,338,325
Trade and other receivables	-	7,654,271,576	-	967,967,697	8,622,239,273
Contract assets	-	2,741,196,068	-	-	2,741,196,068
Advances to related parties	-	5,688,189,234	-	-	5,688,189,234
	3,709,338,325	16,083,656,878	-	967,967,697	20,760,962,900

The Company uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

28.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2024 and 2023, the Company's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	**Within One Year**	**One to Five Year**	**More than Five Years**	**Total**
December 31, 2024				
Advances from related parties	7,050,135,297	-	-	7,050,135,297
Trade and other payables*	2,274,976,584	-	-	2,274,976,584
Interest-bearing loans and borrowing	252,191,125	494,735,250	-	746,926,375
Stock subscriptions payable		-	95,662,500	95,662,500
Other current liabilities	1,197,073,685	-	-	1,197,073,685
	10,774,376,691	**494,735,250**	**95,662,500**	**11,364,774,441**
December 31, 2023				
Advances from related parties	6,701,968,179	-	-	6,701,968,179
Trade and other payables*	2,356,234,583	-	-	2,356,234,583
Interest-bearing loans and borrowing	267,173,167	743,585,917	-	1,010,759,084
Stock subscriptions payable	-	-	95,662,500	95,662,500
Other current liabilities	1,030,693,439	-	-	1,030,693,439
	10,356,069,368	743,585,917	95,662,500	11,195,317,785

**excluding payable to government agencies*

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

(Amounts in PHP)	Notes	**2024** Carrying Amounts	**2024** Fair Values	2023 Carrying Amounts	2023 Fair Values
Financial assets					
At amortized cost:					
Cash and cash equivalents	5	**2,854,673,852**	**2,854,673,852**	3,709,338,325	3,709,338,325
Trade and other receivables	6	**8,663,559,320**	**8,857,093,518**	8,622,239,273	8,795,116,455
Contract assets	18.2	**3,266,999,518**	**3,266,999,518**	2,741,196,068	2,741,196,068
Advances to related parties	24.1	**6,118,735,999**	**6,118,735,999**	5,688,189,234	5,688,189,234
		20,903,968,689	**21,097,502,887**	20,760,962,900	20,933,840,082
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	13	**650,000,000**	**559,048,102**	850,000,000	710,526,434
Trade and other payables*	14	**2,274,976,584**	**2,274,976,584**	2,356,234,583	2,356,234,583
Advances from related parties	24.1	**6,853,240,834**	**6,853,240,834**	6,515,240,711	6,515,240,711
Stock subscriptions payable	9.2	**95,662,500**	**95,662,500**	95,662,500	95,662,500
Other current liabilities	17	**1,197,073,685**	**1,197,073,685**	1,030,693,439	1,030,693,439
		11,070,953,603	**10,980,001,705**	10,847,831,233	10,708,357,667

**excluding payable to government agencies*

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

(Amounts in PHP)	**Gross amounts recognized in the statements of financial position** Financial assets	Financial assets set-off	**Net amount presented in the statements of financial position**	**Related amounts not set-off in the statements of financial position** Financial instruments	Collateral received	**Net amount**
December 31, 2024						
Advances to related parties	**6,118,735,999**	**-**	**6,118,735,999**	**-**	**-**	**6,118,735,999**
December 31, 2023						
Advances to related parties	5,688,189,234	-	5,688,189,234	-	-	5,688,189,234

The financial liabilities presented below with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

(Amounts in PHP)	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial liabilities	**Financial liabilities set-off**		**Financial instruments**	**Collateral received**	**Net amount**
December 31, 2024						
Interest-bearing loans and borrowings	650,000,000	-	650,000,000	(215,741,362)	-	434,258,638
Advances to related parties	6,853,240,834	-	6,853,240,834	-	(15,045)	6,853,225,789
	7,503,240,834	**-**	**7,503,240,834**	**(215,741,362)**	**(15,045)**	**7,287,484,427**
December 31, 2023						
Interest-bearing loans and borrowings	850,000,000	-	850,000,000	(243,849,512)	-	606,150,488
Advances to related parties	6,515,240,711	-	6,515,240,711	-	(42,945)	6,515,197,766
	7,365,240,711	-	7,365,240,711	(243,849,512)	(42,945)	7,121,348,254

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties including subsidiaries and associate) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

The Company has cash in a local bank to which it has an outstanding loan (see Note 13). In case of the Company's default on loan amortization, cash in bank amounting to P215.7 million and P243.8 million can be applied against its outstanding loans from the bank amounting to P650.0 million and P850.0 million as of December 31, 2024 and 2023, respectively.

30. FAIR VALUE MEASUREMENT AND DISCLOSURES

30.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below.

- 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.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

30.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2024 and 2023 approximate their fair value. Except for cash and cash equivalents which is classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

30.3 Fair Value Measurement of Non-financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31.

(Amounts in PHP)	Level 1	Level 2	Level 3	Total
December 31, 2024				
Land	-	-	40,828,183	40,828,183
Buildings and office/commercial units	-	-	4,110,981,492	4,110,981,492
	-	**-**	**4,151,809,675**	**4,151,809,675**
December 31, 2023				
Land	-	-	40,828,183	40,828,183
Buildings and office/commercial units	-	-	4,689,378,913	4,689,378,913
	-	-	4,730,207,096	4,730,207,096

The fair value of the Company's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Company uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2024 and 2023, the fair value of the Company's investment properties is classified within Level 3 of the fair value hierarchy. The Company determines the fair value of the investment property using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2024 and 2023.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Company may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Company monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, 2024, and 2023, the Company's ratio of interest-bearing loans and borrowings to equity is as follows:

(Amounts in PHP)	**2024**	2023
Interest-bearing loans and borrowings	**650,000,000**	850,000,000
Total equity	**28,338,801,487**	28,111,755,777
Debt-to-equity ratio	**0.02 : 1.00**	0.03 : 1.00

The Company's goal in capital management is to maintain a debt-to-equity structure ratio of not more than 1:1 on a monthly basis. This is in line with the Company's bank covenants related to its borrowings.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 13).

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

(Amounts in PHP)	**Interest-bearing Loans and Borrowings** (see Note 13)	**Advances from Related Parties** (see Note 24.1)	**Accrued Interest Payable** (see Note 14)	**Total**
Balance as at January 1, 2024	850,000,000	6,515,240,711	11,939,667	7,377,180,378
Cash flows from financing activities:				
Repayment of loans and borrowings	(200,000,000)	(67,540,947)	(69,072,625)	(336,613,572)
Non-cash financing activities –				
Accrual of interest	-	405,541,070	65,748,636	471,289,706
Balance as of December 31, 2024	**650,000,000**	**6,853,240,834**	**8,615,678**	**7,511,856,512**
Balance as at January 1, 2023	1,000,000,000	6,232,956,930	10,948,000	7,243,904,930
Cash flows from financing activities:				
Repayment of loans and borrowings	(150,000,000)	(88,054,590)	(79,388,749)	(317,443,339)
Additional loans and borrowings	-	5,759	-	5,759
Non-cash financing activities –				
Accrual of interest	-	370,332,612	80,380,416	450,713,028
Balance as of December 31, 2023	850,000,000	6,515,240,711	11,939,667	7,377,180,378
Balance as at January 1, 2022	1,250,000,000	5,957,449,905	5,565,312	7,213,015,217
Cash flows from financing activities:				
Repayment of loans and borrowings	(250,000,000)	(66,454,427)	(47,052,307)	(363,506,734)
Additional loans and borrowings	-	1,628,092	-	1,628,092
Non-cash financing activities –				
Accrual of interest	-	340,333,360	52,434,995	392,768,355
Balance as of December 31, 2022	1,000,000,000	6,232,956,930	10,948,000	7,243,904,930

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented in the succeeding pages are the supplementary information on taxes, duties and license fees paid or accrued during the taxable year 2024 which is required under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) *Output VAT*

In 2024, the Company declared output VAT as follows:

(Amounts in PHP)	**Tax Base**	**Output VAT**
Sale of Real Estate Property		
Taxable sales	1,482,107,373	177,852,885
Exempt sales	679,341,547	-
	2,161,448,920	177,852,885
Rendering of Services		
Rental Income		
Taxable sales	124,094,451	14,891,334
Commission Income	6,804,796	816,576
Management Fee	37,461,574	4,495,389
	168,360,821	20,203,299
Other Operating Income		
Other Income	516,963,536	62,035,624
Interest Income	27,845,225	3,341,427
	544,808,761	65,377,051
	2,874,618,502	**263,433,235**

The Company's exempt sales were determined pursuant to Section 109, *VAT Exempt Transactions*, of the 1997 National Internal Revenue Code.

The output VAT is set-off against input VAT.

(b) *Input VAT*

The movements in input VAT in 2024 are summarized below.

(Amounts in PHP)	
Balance at beginning of year	6,940
Services lodged under other accounts	205,438,490
Goods other than for resale or manufacture	29,968,296
Allocated to exempt sales	(9,979,068)
Capital goods not subject to amortization	404,558
Services rendered by non-residents	83,731
Applied against output VAT	(225,922,947)
Balance at end of year	-

The Input VAT is presented as part of Prepayments and Other Current Assets account in the 2024 statement of financial position.

(c) *Taxes on Importation*

The Company did not have any importations in 2024.

(d) Excise Tax

The Company did not have any transactions in 2024 which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

The Company did not have any transactions in 2024 which are subject to DST.

(f) Taxes and Licenses

The details of Taxes and Licenses in 2024 account are broken down as follows:

(Amounts in PHP)	
Real estate taxes	74,726,991
Deficiency taxes	36,094,033
Business tax	27,686,858
Others	49,030
	138,556,912

Taxes and Licenses account is presented under Costs and Expenses section of the 2024 statement of comprehensive income.

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2024 are shown below.

(Amounts in PHP)	
Expanded	74,569,239
Compensation and employee benefits	46,426,564
Final	174,440
	121,170,243

(h) Deficiency Tax Assessments and Tax Cases

In 2024, the Company paid deficiency taxes for the taxable years 2023 and 2022 amounting to P36.1 million and is presented as part of Taxes and Licenses account under Costs and Expenses section of the 2024 statement of comprehensive income.

As of December 31, 2024, the Company does not have any final deficiency tax assessments with the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2
P. Antonio St., Barangay Ugong
Pasig City 1604, Metro Manila

We have audited, in accordance with Philippine Standards of Auditing, the financial statements of Empire East Land Holdings, Inc. (the Company), for the year ended December 31, 2024, on which we have rendered our report dated February 24, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Reconciliation of Retained Earnings Available for Dividend Declaration; and,

b. Map Showing the Relationship between and among the Company and its Related Entities.

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10465902, January 2, 2025, Makati City
BIR AN 08-002551-045-2023 (until January 24, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 24, 2025

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor, Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City 1604, Metro Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2024

Unappropriated Retained Earnings at Beginning of Year		P	8,741,963,381
Add: Category A: **Items that are directly credited to Unappropriated Retained Earnings**			
Reversal of Retained Earning Appropriation/s	P -		
Effect of restatements or prior-period adjustments	-		
Others	-		-
Less: Category B: **Items that are directly debited to Unappropriated Retained Earnings**			
Dividend declaration during the reporting period	-		
Retained Earnings appropriated during the reporting period	-		
Effect of restatements or prior-period adjustments	(423,830,405)		
Others	-		(423,830,405)
Unappropriated Retained Earnings at Beginning of Year, as adjusted			8,318,132,976
Add/Less: Net Income (Loss) for the Current Year			685,816,153
Less: Category C.1: **Unrealized income recognized in the profit or loss during the reporting period (net of tax)**			
Equity in net income of associate/joint venture, net of dividends declared	-		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-		
Unrealized fair value gain of investment property	-		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Category C.2: **Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Category C.3: **Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL	-		
Reversal of previously recorded fair value gain of investment property	-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-		
Sub-total			-

Balance carried forward

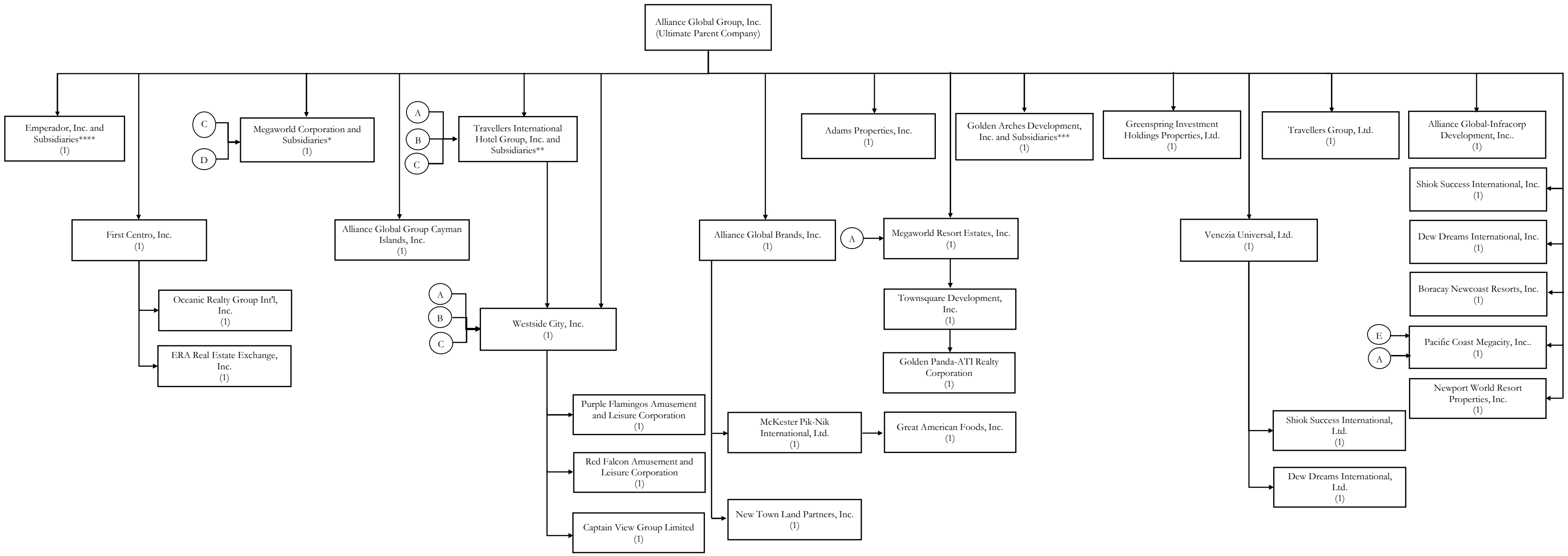
Adjusted Net Income/Loss		P	685,816,153

Balance brought forward

Adjusted Net Income/Loss		P	685,816,153
Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)			
Depreciation on revaluation increment (after tax)	P -		
Sub-total			-
Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total			-
Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(36,151,440)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(2,437,008)		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others	-		
Sub-total			(38,588,448)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P**	**8,965,360,681**

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES

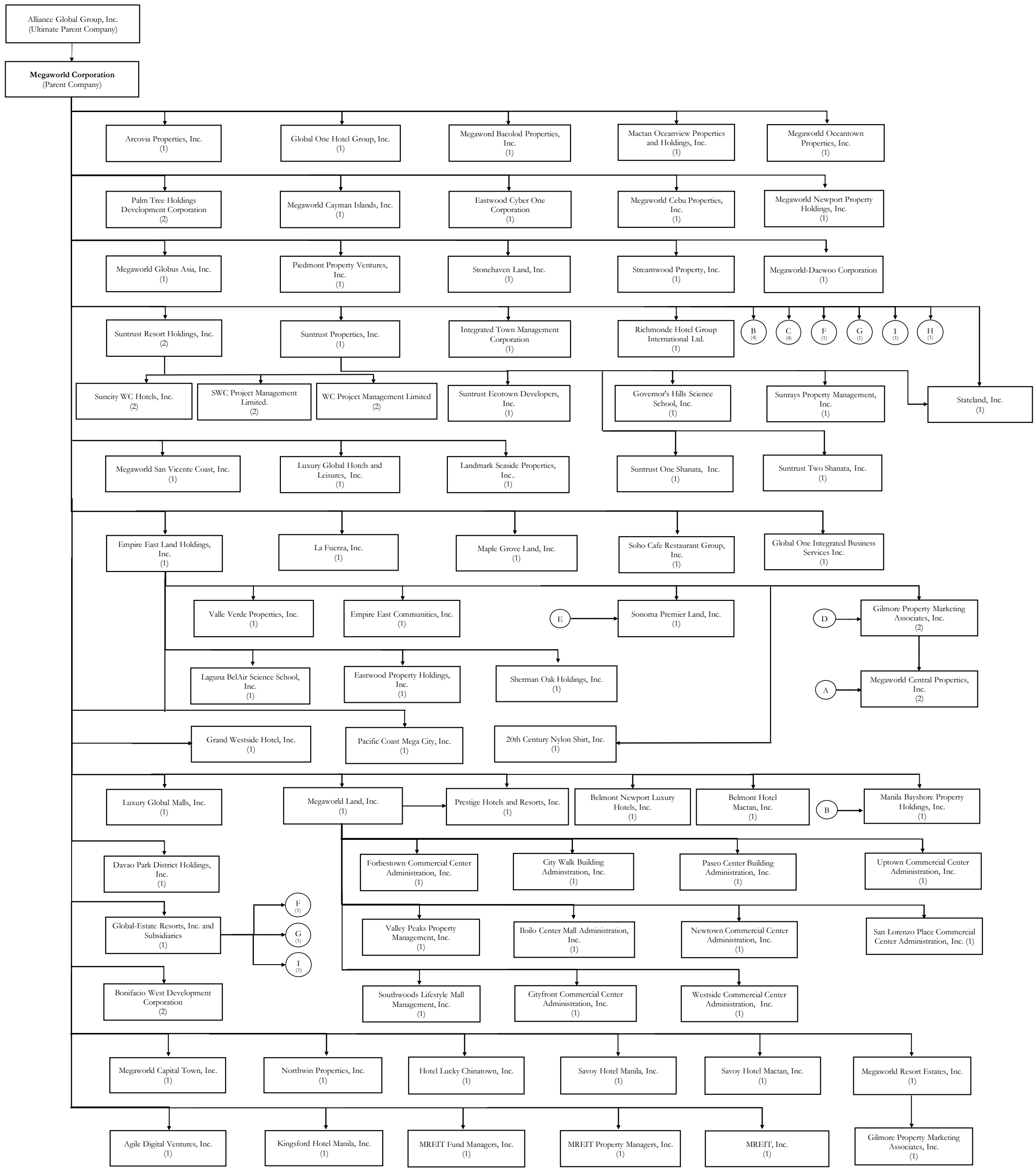
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2024



Legend

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

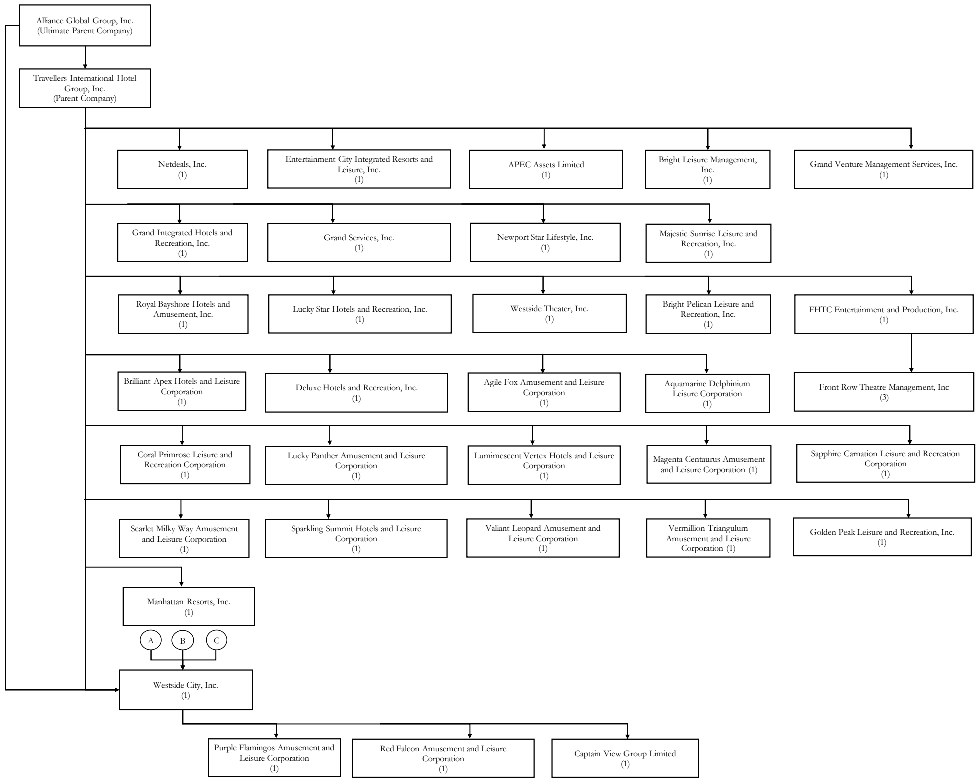
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2024



Legend
Relationship with Megaworld Corporation
(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	E	First Centro, Inc.	I	Southwoods Mall, Inc.
B	Travellers International Hotel Group, I	F	Twin Lakes Corporation		
C	Westside City, Inc.	G	Megaworld Global Estates, Inc.		
D	Townsquare Development, Inc.	H	Megaworld Central Properties, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2024



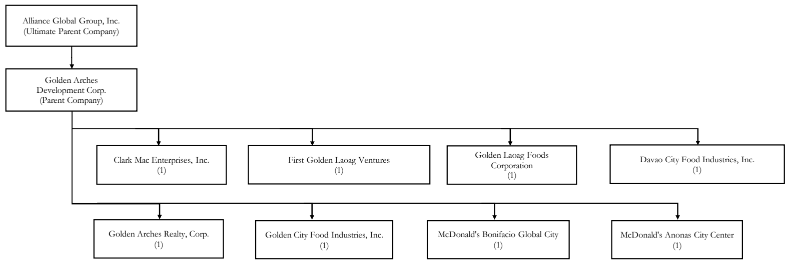
Legend

Relationship with Travellers International Hotel Group, Inc.

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

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2024



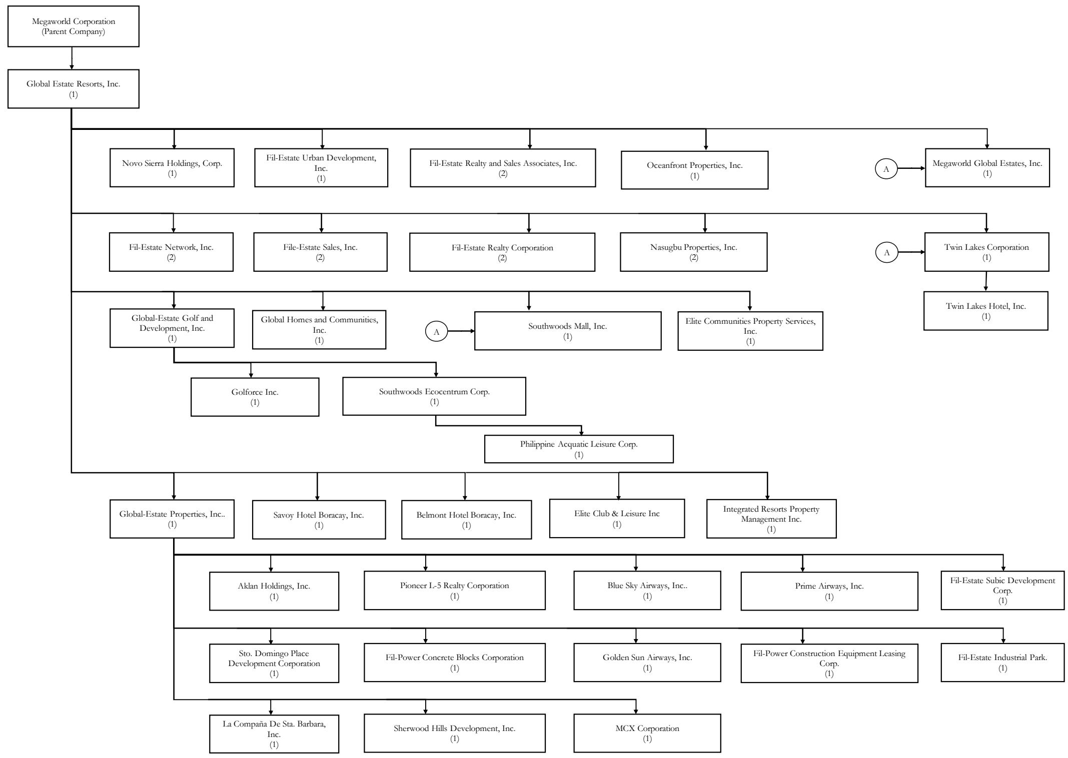
Legend

Relationship with Golden Arches Development Corporation

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

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2024

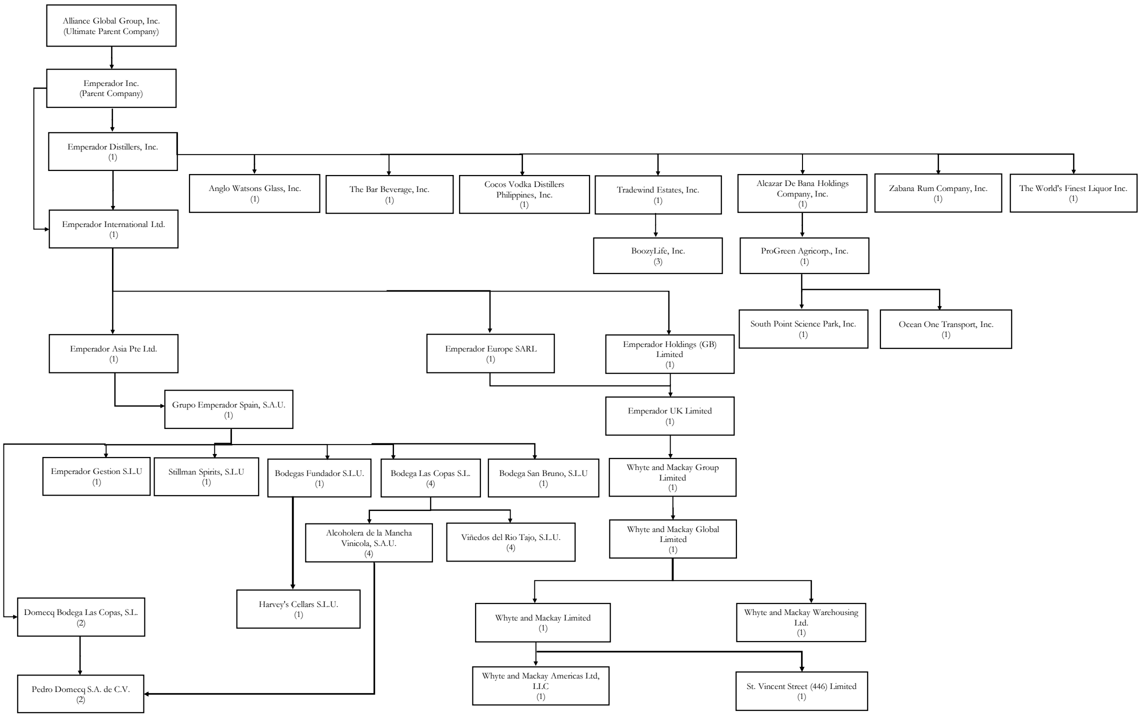


Legend

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

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

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2024



Legend

Relationship with Emperador Inc.

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

Exhibit 2

Sustainability Report for 2024

2024

Sustainability Report

SEC Form 17-A Annex

Contents

Contextual Information

Name of Organization	**Empire East Land Holdings, Inc. and subsidiaries (the Group)**
Location of Headquarters	2nd Floor, Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City 1604 Metro Manila
Location of Operations	Empire East Land Holdings, Inc ("EELHI", "The Company", "Its") operates in the Philippines, with key development in Metro Manila, Rizal, and Laguna.
Report Boundary *Legal Entities (e.g. Subsidiaries) included in this Report*	Empire East Land Holdings, Inc. (EELHI, Empire East, or the Company) Subsidiaries: Eastwood Property Holdings, Inc. (EPHI) – 100% owned
Business Model, including Primary Activities, Brands, Products, and Services	The company specializes in transport-oriented, townships, and resort-type developments and marketing of residential communities and condominiums, primarily catering to the middle-income market segment.
Reporting Period	January 1, 2024 - December 31, 2024
Highest Ranking Person responsible for this report	**Lino P. Victorioso, Jr.** Chief Financial Officer, Corporate Information Officer and Compliance Officer

Sustainability Strategy

EELHI's Sustainability Strategy leads the development of transport-oriented townships, resort-style, and residential communities, targeting the middle-income market segment. The Company's strategy embodies its core beliefs—integrity, creativity, innovation, and a deep commitment to both people and the planet. By integrating sustainability into every aspect of its operations, EELHI addresses current challenges and establishes a resilient foundation for future growth.

Aligned with its parent company's SustainAGIlity Framework, EELHI has evolved its sustainability strategy to encompass three interdependent pillars. These pillars organize material topics into three overarching pillars—People, Planet, and Prosperity—to guide long-term sustainable value creation which is crucial for building resilient urban landscapes.

Pillar 1: People

EELHI recognizes the crucial role of workforce and community in its success. The Company is committed to initiatives that enhance employee wellness, training, and community engagement. These programs enhance workplace safety, promote diversity, equal opportunity, and ensure customer care .

Employee Wellness & Empowerment

- **Diversity and Equal Opportunity, Human Rights, Employee Training and Education, Workforce Health and Safety**
    - *Empire East invests in comprehensive training programs, occupational health and safety measures, and well-being initiatives to foster a resilient and motivated workforce.*
    - *These efforts ensure employee satisfaction, and an improved customer experience.*

Community Transformation

- **Community Impact of Developments**
    - *Empire East engages with local communities, addressing local needs through Corporate Social Responsibility (CSR) programs and sustainable urban development.*
    - *By prioritizing community welfare, the Company strengthens its social license to operate.*

Customer Care

- **Customer Satisfaction**

  - *Through continuous product improvements and safety standards, EELHI ensures its properties and facilities meet or exceed regulatory and client expectations.*
  - *The Company's customer-centric approach enhances brand trust and loyalty.*

Pillar 2: Planet
EELHI is dedicated to reducing its environmental impact through strategic sustainability initiatives that emphasize carbon neutrality, resource efficiency and sustainable building operations. The company's committed to environmental stewardship, and aims to foster eco-friendly community integration.

Carbon Neutrality

- **GHG Emissions, Climate Change**
  - *EELHI focuses on reducing greenhouse gas emissions through adoption of renewable energy, energy-efficient technologies, and regular monitoring of carbon footprint to align with climate goals.*
  - *Aligns with the parent company's broader climate goals, including net-zero targets.*

Resource Efficiency

- **Water, Waste Management, Energy, Material Consumption**
  - *The Company adopts rigorous measures for energy conservation, water management, responsible waste disposal, and sustainable material sourcing*
  - *Initiatives include installing energy-efficient technologies, optimizing resource usage, and complying with environmental regulations.*

Sustainable Building Operations

- **Continued Development of Design Standards**
  - *EELHI incorporates eco-friendly designs into its development, by following the green building code and focusing on resilience against climate risks and enhancing green spaces to promote seamless integration with local communities.*

Pillar 3: Prosperity
EELHI prioritizes economic performance as a key element of its sustainability strategy. The Company aims to enhance its market presence and drive economic growth through governance practices, ensuring compliance to regulation and ethical business conduct.

Impact Growth

- **Economic Performance**
  - *EELHI ensures stable revenue streams and promotes local economic development through continuous innovation.*

Good Governance

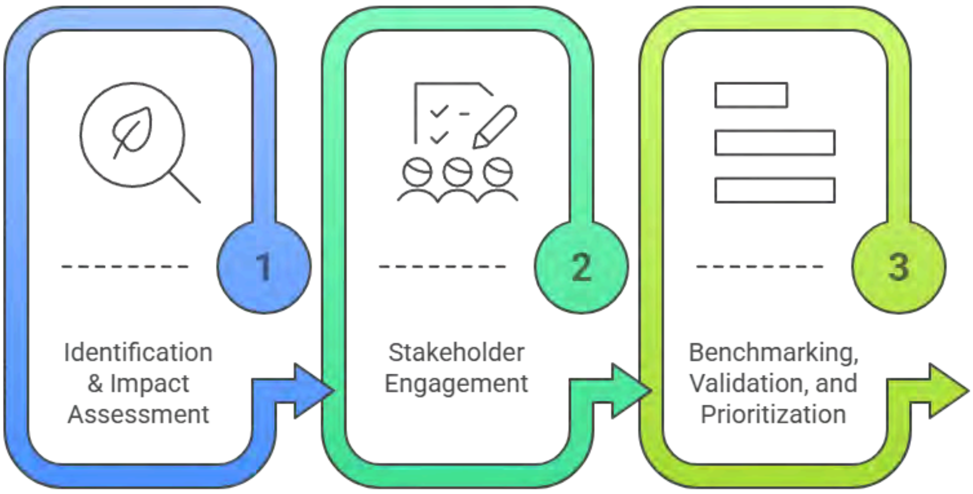
- **Risk Management, Business Ethics and Integrity, Anti-Corruption, Procurement Practices, Supplier Management, Strategies and Policies, Stakeholder Management**
  - *The Company maintains transparent financial reporting, ethical sourcing and compliance with relevant laws.*
  - *Supplier accreditation process ensures EELHI meets standards on quality, sustainability, and ethical conduct.*

Materiality Process

Empire East Land Holdings Inc., emphasizes a deep understanding of sustainability priorities , shaping its business strategy to align closely with its objectives, values and stakeholder expectations. EELHI conducts regular materiality assessments that are essential for identifying, assessing, prioritizing and managing the company's significant economic, environmental and social impacts. The process is aligned with globally recognized standards such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the United Nations Environment Programme (UNEP).

In the previous reports, Empire East performed an assessment and evaluation of its material topics, beginning with the identification and assessment of actual and potential positive and negative impacts to identify the relevant material topic. As part of the process, the company engaged internal stakeholders, including various departments, through a survey.

Key steps in the process included:



- **Identification & Impact Assessment:** A comprehensive review of EELHI's economic, environmental and social factors. Positive impacts (achievements) and potential risks of the operation are recognized and identified for proactive management.
- **Stakeholder Engagement:** Different channels of consultation with internal and external stakeholders ensuring that feedback is integrated into decision-making, reinforcing EELHI's commitment to inclusiveness and responsible management.
- **Benchmarking, Validation, and Prioritization:** Material topics were compared against industry, global standards, and regulatory requirements. Key issues were validated with senior management to refine the materiality matrix based on impact and stakeholder relevance.

Unified Impact: An ESG Blueprint

Building upon prior sustainability disclosures, Empire East has refined and enhanced its ESG framework by consolidating the four thematic areas from last year—Economic, Governance, Social, and Environmental—into three clearly defined SustainAGIlity Pillars: People, Planet, and Prosperity. Specifically, the previously separate Economic and Governance areas have now been unified under the overarching "Prosperity" pillar, recognizing the inherent connection between sound governance practices and sustainable economic growth.

Under this newly consolidated Prosperity pillar, Economic Performance is now recognized as a material topic. While economic performance has consistently informed EELHI's reporting, its inclusion now formalizes its integral role within Empire East's sustainability narrative, reflecting Empire East's ongoing emphasis on financial sustainability as fundamental to its long-term success. Concurrently, Risk Management has been distinctly highlighted as a material topic, acknowledging its critical role in proactively safeguarding the Company's operational integrity and long-term viability.

Moreover, Supplier Management, previously under Environmental, is now repositioned within Prosperity, highlighting its role in driving sustainable economic growth through responsible sourcing and strengthened supplier relationships.

Within the Planet pillar, the topic of Design Standards, which was previously discussed in last year's report within the section "Continued Development of Design Standards," has now been formally elevated and included explicitly among Empire East's environmental material topics. This move reinforces the Company's ongoing dedication to environmentally responsible development and innovation.

PEOPLE	PLANET	PROSPERITY
• Diversity and Equal Opportunity • Labor Management and Human Rights • Employee Training and Education • Workforce Health and Safety • Community Impacts of development • Customer Satisfaction	• GHG Emissions • Climate Change • Water • Waste Management • Energy • Material Consumption • Continued Development of Design Standards	• Economic Performance • Risk Management • Business Ethics and Integrity • Anti-corruption • Procurement Practices • Supplier Management
		

Through these thoughtful adjustments—streamlining from four thematic categories to three pillars—Empire East enhances reporting clarity, strengthens alignment with ESG best practices, and clearly defines its path toward integrated and sustainable value creation.

United Nations Sustainable Development Goals

EELHI's initiatives are deeply rooted in its commitment to contribute to sustainable development in line with the United Nations Sustainable Development Goals (SDGs). By focusing on employee wellness, human rights, community development, and sustainability, it aims to create positive and lasting impacts on society and the environment. Through programs that promote training, safety, and well-being, it empowers its employees while upholding ethical business practices. Additionally, its sustainable design standards and resource efficiency efforts support environmental stewardship to ensure a balance between growth and sustainability with the UN SDGs, driving progress in these key areas:

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Diversity and Equal Opportunity: Empire East ensures a fair hiring practice, equitable career growth and an inclusive workplace through non-discriminatory policies and gender diversity.	**GRI 401:** Employment **GRI 405:** Diversity and Equal Opportunity	• Fair hiring • Equitable growth and training	• Extended hiring timelines	• Streamline recruitment • Implement inclusive policies	
Labor Management and Human Rights: Empire East upholds labor laws, prevents forced and child labor and foster workplace equity through strict hiring policies, supplier screening and compliance with labor standards.	GRI 402: Labor/Management Relations GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	• Fair labor practice • Protects employee well-being	• Risk of policy non-compliance and labor disputes	• Regular compliance audits • Employee feedback	
Employee Training and Education Empire East ensures a high-performing workforce	GRI 404: Training and Education	• Learning and upskilling programs • Training and	• Training costs • Employee disengagement • Skills mismatch	• Training evaluations • Skill development	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
through enhancing skills, productivity and career growth with this the company fosters innovation, retention and long-term business sustainability		career development opportunities	and lack of retention	plans • Mentorship programs	
Workforce Health and Safety A secure, productive and compliant work environment is important for Empire East to protect its workers from hazards, prevent accidents and promote employees well-being.	GRI 403: Occupational Health and Safety	• Weekly Safety Meeting • Daily Routine Inspections and Safety Checklists	• Compliance issues	• Workplace safety training • Compliance monitoring	
Community Impact of Developments Empire East ensures that the development positively impacts the communities through responsible construction and community engagement.	GRI 413: Local Communities	• Community partnerships • Community programs	• Community expectations • Resource constraints	• Stakeholder engagement • Community development strategies	  
Customer Satisfaction It is essential for Empire East to build trust, brand loyalty and long-term business growth to ensure	GRI 418: Customer Privacy	• Transparent transaction with buyers • Customer-centric innovations	• Data breaches • Customer trust issues	• Data security enhancements • Transparency measures	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
high-quality developments and excellent customer experience.					
GHG Emissions Empire East monitors the activities that contribute greenhouse gas and implement energy-efficient practices and carbon reduction strategies to align with climate action goals and promote responsible urban development.	GRI 305: Emissions	• Using LED lights • Tree planting	• Initial investments cost • Limited adoption for tree planting	• Phased Implementation	
Climate Change Rising temperature, extreme weather events and resource scarcity pose a threat to Empire East real estate development prioritizing climate-adaptation strategies and environmentally responsible developments.		• Energy-efficient technologies • Sustainable Development	• Higher costs for energy-efficient upgrades	• Long term cost-benefit analysis	
Water Empire East relies on water resources for building developments, recreational facilities, and daily operations. To ensure long	GRI 303: Water and Effluents	• Maintenance of water lines and tanks • Potability tests	• Water waste • Water infrastructure failures	• Regular maintenance checks • Water conservation	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
term water sustainability, the company implements responsible consumption practices and water-saving initiatives across its projects.					
Waste Management Effective waste management minimizes landfill waste, reduces pollution, and optimizes resource use.	GRI 306: Waste	• Recycling and processing • Segregation of wastes	• Improper waste handling • Increased landfill use	• Strict waste management polices and awareness	
Energy Energy management ensures operational efficiency, cost-effectiveness and environmental sustainability.	GRI 302: Energy	• Earth Hour • LED Lights • GEOP Accreditation	• Limited participation on Energy activity	• Increase awareness • Extend participation drives and strategies	
Material Consumption Responsible sourcing and durable materials can lower the cost and reduce waste to promote an operational resilience.	GRI 301: Materials	• Sustainable supply sourcing	• Material scarcity • Higher procurement costs	• Sustainable sourcing • Supplier partnerships	
Continued Development of Design Standards Refining architectural and engineering practices ensures that Empire East		• Sustainable construction	• High cost integrating sustainable materials and design	• Optime resource allocation • Streamline compliance process	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
incorporates green building principles, energy-efficient design and climate adaptive structure allowing it to meet the evolving standard and long-term urban development.			• Longer project timeline incompliance with green building standards		
Economic Performance Financial stability drives business growth and attracts stakeholders and ensures contribution to economic development.	GRI 201: Economic Performance	• Business planning	• Financial risks • Economic downturn	• Financial resilience • Economic forecasting	
Risk Management Proactive risk strategies, policy reinforcement and crisis management planning enhances resilience of Empire East against market fluctuation, challenges and uncertainties within the operation.		• Risk assessment strategies	• Market fluctuations • Operational disruptions	• Implement proactive risk mitigation plans • Enhance crisis management strategies and policy frameworks	
Business Ethics and Integrity Transparent operations, regulatory compliance and stakeholder trust upholds business practice and accountability for sustainability and growth of	GRI 206: Anti-competitive Behavior	• Compliance to regulations	• Regulatory fines and legal penalties	• Regular audits • Policy reinforcement	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Empire East					
Anti-corruption Ensures ethical business practices, regulatory compliance and stakeholders trust at Empire East.	GRI 205: Anti-corruption	• Anti-corruption training	• Bribery risks • Unethical practices	• Ethics training • Strong compliance mechanisms	 
Procurement Practices Maintaining transparent supplier selection and compliance with standards ensure efficient operation and supply chain integrity at Empire East	GRI 204: Procurement Practices GRI 2-27: Environmental Standards Compliance	• Supply Chain sustainability • Supplier social and environmental assessment	• Supplier non-compliance	• Supplier audits • ESG performance tracking	
Supplier Management Empire East assesses the environmental and social practices of suppliers to ensure they meet the company's standards for labor rights, fair practices and promotes sustainability across the supply chain.	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	• Supply chain sustainability • Supplier social and environmental assessment	• Non compliance with environmental and social standards • Exploitation of workers and poor working conditions within the suppliers	• Supplier evaluation form	 

ECONOMIC

Economic Performance

For 2024, Empire East had revenue and cost fluctuations which reflect strategic initiatives and external market trends. Despite a slight decline in revenue, the company remains committed to operational excellence, providing shareholder value and to support community endeavors through strategic financial management and economic value distribution.

Direct Economic Value Generated and Distributed

Disclosure (in millions)	Unit	2022	2023	2024
Direct Economic Value Generated (Revenue)	Php	4,707	5,203	4,951
Direct Economic Value Distributed:				
a. Operating Costs	Php	7,073	6,119	4,249
b. Employee Wages and Benefits	Php	398	431	468
c. Dividends given to Stockholders and Interest Payments to Loan Providers	Php	47	79	69
d. Taxes given to Government	Php	333	306	304
e. Investments to Community (e.g. Donations, CSR)	Php	0.11	0.76	0.38

The company's revenue slightly declined to Php 4,951 million from Php 5,203 million in 2023 due to strategic changes with product and market situations. Operating Costs decreased significantly from Php 6,119 million in 2023 to Php 4,249 million in 2024, attributed to the implementation of more efficient operational processes, such as incorporation of new technologies associated with increased productivity. In contrast, Investments in employee wages and benefits grew totaling Php 468 million reflecting Empire East commitment to employ a well compensated and motivated workforce which is crucial for the economic fluctuation.

Lastly, investments in the community through donations and CSR initiatives slightly decreased to Php 0.38 million from Php0.76 million. The fluctuations in investment levels have been notably influenced by the unique funding structure of these programs, which primarily rely on contributions directly from the Empire East's employees. The company ensures that even with fluctuating contributions, the impact on community projects remains strong and meaningful.

With a strong focus on sustainable growth, Empire East demonstrates resilience, adaptability and strategic vision. Moving forward, Empire East's objective is to continue to capitalize opportunities, maintain development paths, and make significant contributions and value to stakeholders.

Our Management Approach

Growth Beyond Numbers
Empire East employs strategic financial management to navigate market fluctuations and trends. The company allocates resources to sustainable development investments, competitive wages and benefits, and community development initiatives. Empire East balances development with efficiency measures to ensure financial stability and sustainable growth.

Climate-related risks and opportunities

Empire East acknowledges that climate change presents both risks and opportunities that can materially affect its business. In line with the TCFD framework, the company evaluates these factors across four pillars—Governance, Strategy, Risk Management, and Metrics and Targets—to support long-term resilience and sustainable value creation.

TCFD Pillar	Disclosure
Governance	**Board Oversight:** The Board defines and upholds the company's mission and values, integrating sustainability into its core strategy. It approves long-term strategies, including sustainable development and risk mitigation. It also ensures policy adherence via the Audit and Compliance Committees. Independent directors provide objective oversight on ESG matters. **Senior Management Role:** Executives implement the strategy through operational plans. Leaders in Property Development, Administration, Audit, and MIS spearhead programs like energy efficiency and waste management. Sustainability metrics are tracked and reported to the Board annually.
Strategy	Key climate-related risks and opportunities identified by the company include the following: ● Physical Risks: Earthquakes and intense storms may damage property and halt operations. Impacts include legal claims, business disruptions, and revenue loss. ● Regulatory Risks: Non-compliance may result in fines, penalties, or suspension. ● Other Risks: High interest rates and commodity price spikes may reduce demand and raise operating costs. ● Opportunities/Response: The company strengthens financial strategies, builds climate-resilient communities, and ensures adherence to environmental regulations.
Risk Management	Risks are managed through: ● Due diligence with regulatory deadlines and issuances ● Vigilance on compliance obligations ● Building sustainable and disaster-resilient developments ● Utilizing available internal resources, with no additional financial cost reported

TCFD Pillar	Disclosure
Metrics and Targets	While no quantified financial impacts were reported, the company identifies the following as key areas for future monitoring: ● Losses due to property damage or operational disruption. ● Penalties from non-compliance ● Rising operational costs from inflation and regulation ● A financial assessment framework is not yet in place, but the company has begun integrating environmental and resilience indicators into its planning processes

Procurement Practices

Proportion of Spending on Local Suppliers

Empire East is committed to support local economic development by sourcing 100% of its budget from local suppliers across all operations. The Company ensures high-quality materials, compliance with sustainable practices and adherence to government regulations. To mitigate risks of potential supplier misconduct, a strict screening process and monitoring assessment is followed to ensure quality and compliance with the suppliers.

Disclosure	Units	2022	2023	2024
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	100	100	100

Empire East has maintained 100% local supplier procurement ensuring economic contribution to local industries and continuously increases the number of suppliers. Through procurement from local suppliers, the Company supports economic growth and ensures quality, and sustainable practices.

Our Management Approach

Building a Responsible Supply Chain

Empire East enforces a strict supplier assessment to maintain quality, transparency and sustainability. All suppliers undergo screening and evaluation, and business permits and other documents are required to verify operational stability, legality and equitability. Suppliers who fail to meet the requirements can be disqualified from future transactions. The company adheres to government policies and regulations, and strictly prohibits employees from engaging in unethical practices such as accepting favors and incentives from suppliers.

Anti-Corruption

Empire East upholds strict anti-corruption policies, ensuring strict compliance with government regulations, ethical business practice and transparency for all transactions, and this positively benefits its shareholders, customers, employees and government agencies. The company actively communicates its Code of Conduct and Anti-Corruption Policy to employees and business partners to ensure awareness and compliance.

In order to avoid and minimize corruption threats, the company has streamlined permit and licensing procedures, ensuring efficiency without compromising regulatory compliance. It strictly complies with government regulations, prohibits gift-giving and favors, and actively cooperates with regulatory and law enforcement bodies to ensure transparency and eliminate corruption risks.

Training on Anti-Corruption Policies and Procedures

Disclosure	Unit	2022	2023	2024
Percentage of Employees to whom the Organization's Anti – Corruption Policies and Procedures have been Communicated To	%	100	100	100
Percentage of Directors and Management that have Received Anti – Corruption Training	%	100	100	100
Percentage of Employees that have Received Anti – Corruption Training	%	100	100	100

Incidents of Corruption

Disclosure	Unit	2022	2023	2024
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0	0

Over the past years, Empire East has maintained 0 incidents of corruption among its directors, employees, and business partners. 100% of employees and directors have been trained on anti-corruption policies ensuring awareness.

Our Management Approach

Ensuring a Corruption-Free Organization

Empire East mitigates corruption through process efficiency, compliance and policy enforcement. Regular anti-corruption training and business partner compliance fully strengthen ethical practices. To enhance transparency and reduce corruption risks, the following measures have been integrated into our procedures:

1. Submission of Letter 101: All vendors are required to submit Letter 101, a form used across all AGI companies. This mandate, instructed directly by Dr. Tan ensures that vendors adhere to the ethical standards expected within the corporate group.

2. Site Gate Pass: To monitor and control the entry and exit of materials and personnel, a Site Gate Pass system is implemented, ensuring all transactions are recorded and auditable.

3. Material Transfer Documentation: Tracking the movement of materials through detailed documentation helps prevent any unauthorized or unrecorded transfers that could lead to discrepancies or potential fraud.

4. Vendors' Accreditation and Formal Bidding Process: An accreditation system for vendors, coupled with a formal bidding process, ensures that all vendors meet the Company’s strict standards for integrity and transparency. This process is critical for preventing corruption by promoting fair competition and preventing favoritism.

In addition to these specific measures, Empire East prohibits gift-giving and streamlines permits and licensing procedures to ensure efficiency without compromising regulatory compliance. These efforts collectively support our goal of maintaining a corruption-free organization.

While these measures are being implemented, regular monitoring of observance on-site and at HQ has yet to be strictly established. To ensure compliance and effectiveness of the anti-corruption protocols, the company will focus on establishing consistent monitoring practices at all locations.

ENVIRONMENT

Resource Management

Energy Consumption of the Organization

Empire East recognizes the importance of energy consumption within its operations, including the development and construction of townships and lifestyle concepts. The company ensures that its policies and energy practices align with regulatory requirements. By improving energy management, Empire East aims to reduce its carbon footprint and contribute to climate change mitigation.

All projects strictly comply with the Philippine Green Building Code, ensuring energy efficiency, resource management, and site sustainability. The Design and Construction Management Group, in cooperation with third-party technical consultants and contractors, is responsible for identifying and implementing energy conservation measures to maximize resource efficiency in all projects.

Empire East monitors its energy usage to minimize environmental impact and promote responsible energy management across operations. The company remains committed to energy efficiency, incorporating sustainable practices in accordance with the Philippine Green Building Code.

Disclosure	Unit	2022	2023	2024
Gasoline	GJ	10.36	136.40	393.74
Diesel	GJ	1,109.4*	1,161.58	3,014.81
Electricity	GJ	3,367.88	4,057.88	13,401.92

**Restatement: The 2022 diesel figure was restated from 971.22 GJ to 1109.4 GJ to include D20, which was previously reported under Materials.*

The energy consumption data for Empire East Land Holdings Inc. from 2022 to 2024 shows substantial increases across gasoline, diesel, and electricity, reflecting the company's expanding operational activities. A key factor contributing to the rise in electricity consumption in 2024 is the introduction of new buildings and facilities, which were not accounted for in the previous years.

In 2022, consumption primarily covered headquarters, showrooms, and selected residential and commercial developments, including Gilmore Heights, Unionbank Plaza, Kasara, The World Center, Pioneer Woodlands, San Lorenzo, The Rochester, Covent Garden, Little Baguio, and The Sonoma. These locations were continuously monitored in 2023, with additional showroom expansions, upstream construction activities, and other more detailed breakdown of energy use in existing projects.

By 2024, the Company expanded its coverage and integrated several new developments into its energy tracking system. The inclusions were the Cambridge Village’s 37 towers, Little Baguio Annex (LBA), sales offices, malls, parking facilities, and additional high-rise residential and commercial projects. Through its Diligent system, better tracking and data collection were enabled in the categorization of energy consumption across various operational sites. New facilities such as The Sonoma Open Space, Porta Vaga Sales Office, and multiple buildings within The Rochester and Pioneer Woodlands developments were among the newly itemized sites contributing to the increased electricity consumption.

The expansion of construction projects also played a role in the energy consumption surge. Developments such as Empire East Highland City, Covent Garden North and South, The Paddington Place Towers, and Kasara Urban Resorts Towers 3–6 are now actively contributing to the Company's overall energy demand.

To ensure efficient energy use amid increasing consumption, Empire East implemented energy management strategies, such as the conversion of lighting fixtures to energy-efficient alternatives, regular maintenance of generator sets and implementing lights-off at certain hours of operation.

Our Management Approach

Greener Energy, Brighter Future

Empire East implements energy management measures to enhance efficiency and reduce environmental impacts across its operations. The company uses LED lights and conducts regular generator maintenance to lower electricity consumption and improve fuel efficiency.

To ensure regulatory compliance, the Project Management Group provides training for Pollution Control Officers, reinforcing the company's commitment to responsible energy use.

Empire East remains committed to continuous improvement through active monitoring and tracking of energy consumption while exploring renewable energy alternatives to promote sustainability and responsible energy management.

Water and Effluents

Water is an essential resource in Empire East's construction and real estate development operations. The company withdraws water from deep wells and third-party sources, such as Maynilad and Manila Water, for construction, fire reserves, recreational facilities, and daily activities. Empire East recognizes the importance of water conservation and effluent management, ensuring that all projects comply with environmental regulations while maintaining efficient water use, conservation initiatives, and proper effluent management practices.

The growing demand for water in real estate development necessitates responsible consumption and proper discharge practices. Excessive resource depletion and untreated effluents pose significant threats to surrounding water bodies. Empire East mitigates these risks by ensuring that all effluents meet acceptable parameters before discharge. The company adheres to wastewater treatment and discharge regulations, particularly DAO 34, DAO 35, and DAO 2016-08. Empire East ensures that all wastewater is processed and siphoned before being discharged into Laguna Lake, Manila Bay, and the Pasig River.

Disclosure	Unit	2022	2023	2024
Water Withdrawal	ML	1,299.80	1,922.88	1,484.59
Water Consumption	ML	692.53	541.99	299.27
Water Recycled and Reused	ML	N/A	6.58	0
Total Volume of Water Discharges	ML	607.27	1,380.89	1,185.32
Percent of Wastewater Recycled	%	N/A	0.34	0

In 2024, Empire East experienced a significant reduction in water withdrawal, consumption, and discharge, reflecting improved resource efficiency, enhanced effluent management and treatment, and a stronger focus on water-saving and conservation practices. The company previously initiated a water recycling effort in 2023; however, for 2024 there is no recycled and reused water. Empire East remains committed to providing safe and potable water for building occupants by exploring water recycling initiatives, strengthening effluent management policies, and ensuring compliance with environmental regulations to achieve long-term water sustainability.

Our Management Approach

Every Drop Matters

Empire East implements various water management strategies to ensure efficient water use while adhering to water regulations. The company minimizes environmental impacts by following strict wastewater discharge guidelines and complying with sanitary and plumbing codes to prevent contamination of natural water sources.

To uphold proper wastewater management, the company's Pollution Control Officers (PCOs) regularly monitor sewage treatment plants (STPs) and work closely with service providers to ensure the proper handling of wastewater treatment chemicals. Additionally, Empire East identifies and implements water-saving initiatives and conducts frequent potability tests to ensure water safety for domestic use.

Materials Used by the Organization

Empire East recognizes the importance of efficient material management in its construction and property operations. The company ensures responsible material consumption by optimizing the use of both renewable and non-renewable resources. Efficient material management helps minimize waste, improve resource efficiency, and promote sustainability within the organization.

The company prioritizes high-quality, durable, and industry-standard materials; however, fluctuations in material availability and pricing can impact project costs and timelines. To mitigate these risks, Empire East aims to reduce its ecological footprint by integrating renewable materials into operations and continuously sourcing and evaluating materials for long-term sustainability.

Materials Used by Weight/Volume:

Disclosure	Unit	2022	2023	2024
Construction Stage				
Alcohol*	MT			20.44
Bleach*	MT			3.41
Cement/RMC	MT	5707.91	20,188.37	116,471.64
Belts*	MT			0.002
Deodorizer*	MT			0.004
Building Materials*	MT			11,504.33
Other Chemicals*	MT			0.04
Adhesives*	MT			0.36
Ceramic tiles	MT	169.58	228.04	132.44
Paint	MT	31.32	17.73	25,167.88
Copper*	MT			0.03
Sand*	MT			0.30
Gypsum Board	MT	3.96	297.99	0.19
PVC Pipes	MT	71.41	37.74	0.01
Reinforcing steel bars	MT	5,858.12	8,103.41	15,087.56
Steel pipes	MT	4.76	248.54	748.53
Wood (doors and cabinets)	MT	249.15	42.59	0.05
Glass	MT	66.11	153.97	256.30
Welding Rod*	MT			0.01
Wires	MT	319.67	200.40	11.62
Property Operation Stage				
Fluorescent Lights	MT	0.40	2.56	0.71
LED Lights	MT	0.24	0.24	8.24

Disclosure	Unit	2022	2023	2024
Magnetic Contactors	MT	0.02	0.02	0.02
Mixed office supplies*	MT			0.43
Ink	MT	0.06	0.06	0.43
Percentage of Recycled Input Materials Used to Manufacture the Organization's Primary Products and Services	%	0	0	0

**Data not reported/available in 2022-2023*

Empire East has experienced an increase in materials used for construction primarily driven by an aggressive expansion of project scopes and infrastructural developments within the company. Additionally, there is an increase in paint usage indicating that most properties are undergoing aesthetic enhancements and refurbishing efforts. With regards to Property Operation Stage, there is a significant increase in LED lights demonstrating a shift towards energy-efficient lighting solutions within the property—a move aligning with global sustainability trends. Moving forward, Empire East aims to enhance procurement strategies to optimize resource use and explore alternative methods to reduce reliance on non-renewable resources.

Our Management Approach

Sustainable Sourcing

Empire East's operations prioritize responsible material use through sustainable procurement, selecting durable and high-quality materials while exploring alternative resources, such as renewable materials, to minimize waste.

In 2024, Empire East highlighted a significant transition towards sustainability, with a focus on enhancing energy efficiency through increased adoption of LED lighting in property operations and substantial investments in high-volume materials like paint for extensive refurbishments and maintenance.

Environmental Impact

Air Emissions

Empire East's operations contribute to greenhouse gas emissions through fuel consumption, electricity use, and other operational activities. The company is committed to tracking and minimizing emissions.

An increase in energy consumption from non-renewable sources and electricity can accelerate climate change, making it crucial to implement fuel efficiency and energy conservation measures.

Disclosure	Unit	2022	2023	2024
Direct (Scope 1) GHG Emissions	Tonnes	75.44	95.84	211.89

Disclosure	Unit	2022	2023	2024
	CO_2e			
Energy indirect (Scope 2) GHG Emissions	Tonnes CO_2e	666.28	802.78	2639.44

Empire East's emissions data shows a significant increase in both Direct (Scope 1) and Energy Indirect (Scope 2) GHG emissions, highlighting the impact of the company's expanded operational scope and construction activities. The increase in emission reflects the integration of numerous new developments into Empire East's energy management systems and the emissions calculation methods. The inclusion of facilities such as Cambridge Village's 37 towers, Little Baguio Annex, and additional high-rise residential and commercial projects. Additionally there is an active development of major construction projects like Empire East Highland City and Kasara Urban Resorts Towers, which significantly raised the overall energy demand and corresponding greenhouse gas emissions.

Our Management Approach

Clear Skies Ahead

Empire East implements various initiatives to reduce emissions and enhance energy efficiency across its operations. To track fuel consumption and limit emissions, the company conducts weekly five-minute no-load testing of generator sets and maintains generator monitoring sheets. Additionally, the company refines its emissions calculation methods to ensure accurate reporting and identify key areas for improvement in achieving its Net Zero goals. Empire East also explores energy-saving initiatives to further reduce emissions from purchased electricity.

Solid and Hazardous Wastes

Empire East's operations generate solid and hazardous waste across construction sites, residential developments, and offices. The company is committed to responsible waste management by implementing sustainable practices, digital transformation initiatives, and proper waste disposal procedures across its operations.

Improper disposal of hazardous waste, such as busted lights, may release harmful substances that pose health risks to workers and residents. To mitigate these risks, Empire East implements a waste tracking system, ensures proper waste handling, and coordinates with third-party companies for responsible disposal and recycling.

Disclosure	Unit	2022	2023	2024
Total Solid Waste Generated	MT	18,734.77	26,990.99	16,966.93
Total waste diverted from disposal	MT	1.37	2,601.19	3,129.00
Total waste directed to disposal	MT	18,733.40	24,389.80	13,837.37
Recyclable*	MT	1.37	2,601.19	3,129.00

Disclosure	Unit	2022	2023	2024
Residuals / Landfilled*	MT	18,733.40	24,389.80	13,837.37
Total Weight of Hazardous Waste Generated	MT	1.62	2.59	4.05
Total Weight of Hazardous Waste Transported*	MT			0

**Data not reported/available in 2022-2023*

Empire East has significantly reduced waste generation through digitalization efforts, recycling initiatives, and reuse programs. The decrease in waste directed to disposal is primarily due to enhanced waste segregation and material recovery efforts.

Our Management Approach

From Waste to Wonder

Empire East implements waste reduction and disposal strategies to minimize landfill waste and promote sustainability across its operations. To reduce waste, the company encourages recycling by selling excess materials, such as metals and PVC, to third-party buyers. Paper waste is also being reduced through Empire East's initiative to transition to digital forms.

In residential areas, a designated Material Recovery Facility (MRF) is used for daily waste collection, while housekeeping personnel conduct regular inspections of garbage storage areas. The Pollution Control Officer (PCO) oversees the storage and disposal of hazardous waste, while third-party collectors maintain waste collection records to ensure transparency and proper monitoring.

Environmental Compliance

Empire East upholds strict regulatory compliance in all project phases, ensuring that design and construction adhere to environmental standards and legal requirements. To avoid regulatory penalties, project delays, and reputational damage, the company has strengthened its supplier screening process and reinforced adherence to legal compliance and environmental guidelines to mitigate risks.

Disclosure	Unit	2022	2023	2024
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0	0
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0	0
No. of Cases Resolved through Dispute	#	0	0	0

Resolution Mechanism				

Our Management Approach

Beyond Green Standards

Empire East enhances supplier selection by disqualifying vendors with legal issues related to human rights, forced labor, or environmental violations. The company has reinforced accreditation requirements, mandating suppliers to submit training certificates, environmental compliance documents, and other regulatory records. Professionals from the Design, Pre-Construction, and Construction Management groups oversee the supplier selection process to ensure full compliance with company policies and legal standards.

SOCIAL

Employee Management

Employee Hiring & Benefits

Empire East is committed to providing fair employment opportunities and fostering a safe, diverse, and inclusive workplace. The company ensures that employee management aligns with Sustainable Development Goals (SDGs) by promoting productive employment, decent work, and gender equality. Ineffective employee management can lead to high turnover rates, disengagement, and operational inefficiencies; therefore, Empire East recognizes these risks and aims to strengthen employee engagement, optimize benefits, and cultivate a supportive and inclusive workplace culture.

Employee Data

Disclosure	Units	2022	2023	2024
EELHI Total Number of Employees	#	530	648	659
a. Number of Female Employees	#	305	379	365
b. Number of Male Employees	#	264	269	294
EPHI Total Number of Employees	#	39	39	39
a. Number of Female Employees	#	23	23	23
b. Number of Male Employees	#	16	16	16
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1.04:1	1.03:1	1.03:1
Attrition Rate	%	26*	22*	21

**Restatement: Attrition Rate 2022–2023 figures updated as a result of error correction. The previous calculation did not apply the correct formula (turnover / average headcount)*

Employee Benefits

Disclosure	2022	2023	2024	Female	Male
SSS	Y	Y	Y	3.63	0.32
PhilHealth	Y	Y	Y	2.59	1.60

Disclosure	2022	2023	2024	Female	Male
PAG - IBIG	Y	Y	Y	0	0
Parental Leaves	Y	Y	Y	3.37	1.92
Vacation Leaves	Y	Y	Y	37.05	71.47
Sick Leaves	Y	Y	Y	60.88	96.47
Medical Benefits *(Aside from PhilHealth)*	Y	Y	Y	1.30	0.64
Housing assistance (aside from Pag-ibig)	Y	Y	Y	1.04	3.21
Retirement Fund (Aside from SSS)	Y	Y	Y	1	1
Further Education Support	N	N	N	0	0
Company Stock Options	N	N	N	0	0
Telecommuting	N	N	N	0	0
Flexible – Working Hours	N	N	N	0	0
Life Insurance	N	N	Y	0	0.32
Disability and invalidity coverage	Y	Y	Y	0	0.32

Empire East maintains a balanced gender ratio, reinforcing diversity and inclusion. In 2024, the workforce grew reflecting business expansion and job creation. The Company provides a strong employee benefit coverage particularly in government mandatory programs, and leave entitlements. Life Insurance was introduced in 2024, making a significant step toward employee support, while two have availed of retirement benefits. Moving forward, the company can optimize benefit structures and other employment strategies.

Our Management Approach

Culturing Champions

Empire East prioritizes employee well-being through fair hiring practices and competitive benefits. Employees receive mandatory government benefits along with additional perks such as leave entitlements, housing assistance, and medical benefits. The company ensures that its processes align with Sustainable Development Goals (SDGs) by promoting non-discriminatory policies, gender diversity, and equal opportunities.

Employee Training & Development

Investing in continuous learning ensures that employees remain upskilled and motivated, enabling them to provide the best services to clients. Empire East recognizes the importance of training and development in enhancing service delivery, personal growth, and professional advancement. These initiatives foster a high-performing workforce, driving employee satisfaction and organizational success. However, it is essential to assess training needs across teams and departments to ensure that learning programs remain relevant to business growth and development.

Disclosure	Units	2022	2023	2024
Total Training Hours Provided to Employees				
a. Female Employee	Hours	635.5	521.5	8,055
b. Male Employee	Hours	634.5	399	5,820
Average Training Hours Provided to Employees				
a. Female Employees	Hrs/Employee	2.19	1.38	20.76
b. Male Employees	Hrs/Employee	2.65	1.48	18.77

This year, Empire East has seen a significant increase in total training hours provided to employees, reflecting the company's commitment to upskilling and development. Additionally, the gap in training hours between male and female employees has increased, promoting gender diversity within the company.

Our Management Approach

Unlocking Potential

Training and Development play a key role in enhancing employee productivity, ensuring that employees remain motivated, skilled, and equipped with business knowledge to make meaningful contributions to the company.

Empire East's Human Resources Department is responsible for knowledge transfer related to employee benefits, such as health programs, compensation, and rights, while each department is responsible for assessing competencies, setting training objectives, and implementing upskilling programs. Training effectiveness is evaluated through routine KPI assessments relevant to individual tasks and learning.

The company remains committed to optimizing employee growth through its bi-annual performance appraisals, which support career advancement and promotion opportunities for high-performing employees.

Labor-Management Relations

Empire East holds discussions on policy changes and employee feedback to create a positive work environment and minimize workplace disruptions. The company prioritizes clear communication, consultation, and grievance mechanisms to ensure employee engagement and fair treatment.

Disclosure	Unit	2022	2023	2024
% of Employees Covered with Collective Bargaining Agreements*	%	0	0	0
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	0	0	0

**EELHI does not operate under a Collective Bargaining Agreement (CBA) structure*

Our Management Approach

Voice and Value

Empire East is dedicated to effective labor management by conducting regular consultations, meetings, and grievance resolution processes to address employee concerns. The company has established a grievance policy to handle workplace issues, and employees can also approach HR directly to communicate their concerns.

Employee engagement further strengthens communication through email and social media groups, dialogues, meetings, surveys, and focus group discussions to gather feedback and opinions.

Diversity, Equal Opportunity, & Anti-Discrimination

Empire East fosters a non-discriminatory work environment where hiring decisions, assignments, and career growth are based on knowledge, experience, value, and skills. The company strengthens its diversity efforts by ensuring workplace equity, monitoring policies related to inclusivity, and exploring ways to expand diversity across all sectors within the organization.

Disclosure	Unit	2022	2023	2024
% of Female Workers in the Workforce	%	53.60	58.49	55.59
% of Male Workers in the Workforce	%	46.40	41.51	44.41
Number of Employees from Indigenous Communities and/or Vulnerable Sector	#	0	0	0

In 2024, there was a slight decrease in female representation; however, Empire East successfully maintains a balanced workforce distribution, ensuring it remains equitable and inclusive. Additionally, there were no recorded employees from other vulnerable sectors, highlighting an opportunity to explore and enhance recruitment efforts.

Our Management Approach

Shaping Unique Talents

Empire East is dedicated to fostering an inclusive workplace through non-discriminatory policies and diversity-driven initiatives. The company ensures that hiring and promotions are based on skills, experience, and potential, providing equal opportunities for all employees. Career advancement is merit-based, ensuring that leadership roles are awarded fairly, without gender bias.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health & Safety

Empire East's priority is to maintain a safe, healthy, and productive work environment by implementing a comprehensive Occupational Safety and Health Program. To mitigate work-related injuries and workplace hazards, the company develops emergency response plans, conducts regular safety drills, and strengthens hazard protocols to ensure a safe workplace.

Disclosure	Units	2022	2023	2024
Safe Man-Hours	Man-Hours	4,857,198	3,258,005	26,435,900
No. of Work – Related Injuries	#	0	4	325
No. of Work – Related Fatalities	#	0	0	0
No. of Work – Related Ill-Health	#	0	0	8
No. of Safety Drills	#	11	7	21

In 2024, Empire East recorded three hundred twenty-five work-related injuries and eight work-related ill health across both construction and property management operations. The total safe-man hours increased to 26,435,900 in 2024, a remarkable improvement compared to 3,258,005 in 2023 and 4,857,198 in 2022. Despite the marked increase in safe man-hours, there was a notable rise in work-related injuries to 325 and incidents of work-related ill health to eight, primarily attributed to the addition of new properties and the expansion of construction developments within the company. Additionally, the increase in safety drills demonstrates Empire East's proactive approach to enhancing safety measures, aiming to ensure the well-being of its expanding workforce amid its extensive development activities.

Our Management Approach

Protect and Perform

Empire East follows a structured approach to occupational health and safety by implementing risk assessments, emergency preparedness programs, and training initiatives. The company ensures strict compliance with DO 198-18 and DO 13, series of 1998 and conducts safety inspections and risk assessments to prevent workplace injuries. To address natural disasters, accidents, and security incidents, hazard reporting protocols and emergency plans are regularly updated.

The company provides comprehensive training programs, regular safety drills, and awareness sessions on hazard identification, along with various employee wellness programs to support a healthy and engaged workforce.

Through strict safety policies, continuous training, and proactive risk management, Empire East fosters a safe and healthy workplace while ensuring compliance and employee well-being.

Labor Standards & Human Rights

Empire East maintains strict labor standards and human rights policies, ensuring compliance with labor laws and international ethical standards. The company aligns with Sustainable Development Goals (SDGs) that focus on protecting children from abuse and exploitation, integrating these commitments into its internal policies, hiring practices, and business partnerships. To mitigate risks, Empire East strictly enforces recruitment verification, conducts partner due diligence, and continuously updates policies to align with labor law developments.

Disclosure	Units	2022	2023	2024
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0	0

Empire East has zero cases of forced or child labor, demonstrating its commitment to enforcing ethical labor practices, strict hiring policies, and compliance with government regulations.

Policies

Topic	2022	2023	2024	Reference in Company Policy
Forced Labor	Y	Y	Y	It is in the handbook and in compliance with law.
Child Labor	Y	Y	Y	In hiring, policy dictates that employees provide proper identification detailing the accurate date of birth. This is strictly enforced

Topic	2022	2023	2024	Reference in Company Policy
				by our recruitment team minimum age requirement
Human Rights	Y	Y	Y	Listed in our Employee Code of discipline, violations such as provoking quarrel, acts of intimidation and harassment among others are classified as very serious offenses that can be grounds for suspension and termination. Kindly refer further to the Empire East Code of Discipline, Parts II and IV

In 2024, Empire East upholds strict labor protections and human rights policies, ensuring a safe, fair, and ethical work environment. The company has implemented a rigorous recruitment and hiring process to maintain strong labor standards.

Our Management Approach

Rights and Respect

Empire East upholds high standards for labor and human rights, as evident in the company's strict hiring policies, workplace protections, and compliance with government regulations.

The Empire East Code of Discipline explicitly prohibits harassment and workplace misconduct, ensuring a safe and respectful work environment in alignment with local labor laws. Additionally, the company conducts regular policy reviews, employee training, and awareness programs to reinforce workplace ethics and ensure compliance with legal requirements.

Supply Chain Management

Sustainability Topics when Accrediting Suppliers

Topic	2022	2023	2024	Reference in Company Policy
Environmental Performance	Y	Y	Y	Part of the accreditation process is to require suppliers to submit a copy of

				various permits issued by government agencies
Forced Labor	Y	Y	Y	The company incorporated the age bracket question on its vendor forms to make sure it's not working with minors. For PDD, they have categories on Forced Labor and Human Rights
Child Labor	Y	Y	Y	
Human Rights	Y	Y	Y	
Bribery and Corruption	Y	Y	Y	Empire East discourages bribes or gifts from suppliers as written in its code of ethics.

Empire East maintains strong policies on environmental compliance, labor and human rights, and anti-corruption measures. Through these policies, the company ensures responsible operations and sustainable growth while continuously strengthening accountability and updating policies to meet evolving standards and regulations.

Our Management Approach

Delivering Success

EELHI ensures sustainable and ethical business practices through strict supplier screening and environmental compliance. 100% of new suppliers in the Property Development Division (PDD) undergo social screening, while all suppliers are assessed based on environmental criteria. The Purchasing Department mandates suppliers to submit government permits, while the General Administrative Services (GAS) Department requires Mayor's/Sanitary Permits and PCAB licenses as indicators of environmental compliance.

EELHI enforces compliance with the Philippine Green Building Code, requiring contractors and consultants to obtain Environmental Compliance Certificates (ECCs) from DENR and LLDA. To mitigate risks, the Pre-Construction Group (PrCG) conducts technical competence evaluations and background checks to ensure suppliers meet ethical and legal standards.

Certificates for Activities Impacting Indigenous Peoples (IPs)

Certificates	Units	2022	2023	2024
FPIC process is still undergoing*	#	N/A	N/A	N/A
CP secured*	#	N/A	N/A	N/A

**Data not reported/available in 2022-2024*

Our Management Approach

Nurturing Foundations

EELHI is committed to sustainable community engagement through Corporate Social Responsibility (CSR) initiatives and strategic development programs that focuses on educational support, disaster readiness, animal welfare, and environmental protection. By collaborating with Local Government Units (LGUs) and prioritizing stakeholder relationships, strengthening community ties and enhancing corporate accountability.

Within its CSR initiatives, EELHI empowers employees by offering them the choice to determine their engagement projects, including potential support for Indigenous Peoples in Visayas and Mindanao. This optional engagement underscores the company's commitment to fostering employee participation in CSR, enhancing both the reach and impact of these efforts according to individual or regional preferences.

Customer Management

Customer Satisfaction

Disclosure	Units	2022	2023	2024
Customer Satisfaction Score*	%	N/A	N/A	N/A

**Data not reported/available in 2022-2024*

Empire East actively enhances its engagement with homebuyers to build stronger relationships and ensure customer satisfaction. The company has implemented a series of initiatives focused on transparency, communication, and personalized service through revamping its customer service operations to provide more responsive and proactive support. EELHI ensures that homebuyers receive timely and accurate information about their purchases, updates on construction progress, and answers to their queries.

EELHI enhances the homebuying experience by leveraging digital tools to streamline communication and improve efficiency. The company introduced "AskAboutYourHome.com," a centralized online hub that allows homebuyers to easily access their account information and manage transactions.

Customer Health & Safety

Empire East is committed to ensuring the health, safety, and well-being of its customers by integrating strict safety measures, quality assurance, and compliance with industry standards. The company prioritizes safe living and working environments, ensuring that all projects meet regulatory safety standards and follow best practices in construction and property management.

Disclosure	Units	2022	2023	2024
No. of Substantiated Complaints on Product or Service Health and Safety	#	0	0	0
No. of Complaints Addressed	#	0	0	0

Empire East has recorded zero complaints related to product, service, health, and safety, reflecting its commitment to maintaining high safety standards and proactive customer service. Moving forward, the company will continue to enhance monitoring efforts, strengthen communication channels, and update safety protocols to ensure customer satisfaction.

Our Management Approach

Elevating Experiences

EELHI integrates advanced digital tools to streamline interactions and enhance operational efficiency such as the Empire East Highland City Walkthrough App that enables virtual tours of properties. These technological innovations significantly refine customer service and support. The company has partnered with Pilipinas Teleserv to simplify the process for homebuyers to obtain vital civil registry documents from the Philippine Statistics Authority. This collaboration enhances customer convenience by integrating a dedicated E-Certificate portal on Empire East's website, where homebuyers can swiftly request and receive necessary documents, underscoring EELHI's commitment to providing a seamless and enriched homebuying journey.

Empire East implements strict safety policies and preventive measures that prioritize customer health and safety. All buildings are required to adhere to safety codes, sanitation protocols, and health regulations through regular audits and inspections to prevent hazards and ensure structural integrity.

The company promotes customer awareness programs on safety measures and emergency preparedness while also establishing rapid response protocols to efficiently address customer concerns and safety issues. To manage risks, Empire East implements preventive maintenance strategies to ensure a safe, secure, and high-quality living environment for its customers.

Marketing and Labeling

At Empire East, ethical marketing practices play a crucial role in promoting product offerings and informing the target community. The company ensures that all marketing materials comply with industry standards and consumer protection laws. As a proud member of the Philippine Association of National Advertisers (PANA), Empire East demonstrates its commitment to fair advertising and responsible communication with consumers.

Disclosure	Units	2022	2023	2024
No. of substantiated complaints on marketing and labeling	#	0	0	0
No. of Complaints Addressed*	#	0	0	0

Data not reported/available in 2022-2023

Empire East has maintained zero complaints regarding marketing and labeling, demonstrating the company's commitment to ethical advertising and strict compliance. This dedication ensures the protection of its reputation and leadership in the industry.

Our Management Approach

Maximizing Reach

Empire East employs a comprehensive marketing and labeling strategy that prioritizes compliance, transparency, and consumer protection. All print advertisements undergo internal review and approval from DHSUD, ASC, and PANA, while digital materials are strictly for announcement purposes only.

To maintain ethical marketing practices, the company provides regular training for brokers and sales agents, ensuring alignment with industry standards and best practices. Additionally, the Customer Experience Team actively monitors and addresses complaints, strengthening customer engagement through real-time communication channels, including Empire East's social media platforms and the Ask About Your Home portal.

Customer Privacy & Data Security

Empire East is committed to safeguarding customer data through strict privacy policies and advanced security measures. The company ensures that customer data is accessible only through internal applications and enterprise accounting systems. To address risks associated with privacy and security, the company employs strict data access controls, security audits, and training programs to ensure proper data handling and compliance with privacy regulations.

Disclosure	Units	2022	2023	2024
No. of Substantiated Complaints on Customer Privacy	#	0	0	0
No. of Complaints Addressed	#	0	0	0
No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0	0

No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0	0

Empire East's zero track record of privacy and data security issues reflects its commitment to data protection and strict compliance. Moving forward, the company will continue to enhance security protocols and measures to ensure that customer trust and engagement are maintained.

Our Management Approach

Your Data, Our Responsibility

Empire East enforces strict data privacy measures to protect customer information through encryption protocols, access controls, and secure data storage. The MIS department oversees cybersecurity efforts, conducting IT audits, monitoring payment security logs, and ensuring compliance with privacy laws.

All employees handling sensitive information undergo training on best practices and legal requirements for proper data management. Additionally, the Credit and Collections and Customer Relations departments handle data privacy concerns, ensuring strict compliance in secure handling of customer information.