COVER SHEET

CS200411593
S.E.C. Registration Number

ANCHOR LAND HOLDINGS, INC.

(Company's Full Name)

15TH FLOOR, L.V. LOCSIN BLDG.
6752 AYALA AVE. COR. MAKATI
AVE. MAKATI CITY

(Business address: No. Street City / Town / Province)

CHRISTINE P. BASE	(02) 8988-7988
Contact Person	**Company Telephone Number**

12	31	17-Q	07	11
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N/A

Secondary License Type, If Applicable

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

92		
Total No. of Stockholders	**Domestic**	**Foreign**

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

CASHIER

STAMPS

SEC Number **CS200411593**
File Number ___________

ANCHOR LAND HOLDINGS, INC.
Company's Full name

15th Floor, L.V. Locsin Building, 6752 Ayala Avenue
Corner Makati Avenue, Makati City, Philippines 1228
Company's Address

(02) 8988-7988
Telephone Number

December 31
Fiscal Year Ending
(month & day)

17-Q (2nd Quarter)
Form Type

____
Amended Designation (if applicable)

June 30, 2024
Period Ended Date

Registered and Listed
Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended **June 30, 2024**

2. Commission identification number **CS200411593** 3. BIR Tax Identification No. **232-639-838-000**

4. Exact name of issuer as specified in its charter **ANCHOR LAND HOLDINGS, INC.**

5. Province, country or other jurisdiction of incorporation or organization **Makati City, Philippines**

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

7. Address of issuer's principal office **15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City, Philippines**
   Postal Code **1228**

8. Issuer's telephone number, including area code **(02) 8988-7988**

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

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

Title of Each Class	Number of Shares Outstanding and Amount of Debt Outstanding
Common Shares	**1,040,001,000 Shares**
Preferred Shares	**346,667,000 Shares**
Loans Payable	**₱23,422,833,286**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

PART I. FINANCIAL INFORMATION

Financial Statements

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRSs). All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption.

Statement of Compliance
The accompanying consolidated financial statements are prepared in accordance with PFRS. PFRSs include PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using the accounting policies, including changes effective January 1, 2024 as discussed in Note 2 of the consolidated financial statements.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Group has selected and applied accounting policies so that the consolidated financial statements will comply with all the requirements of PFRSs. If there are no specific requirements, management develops policies to ensure that the consolidated financial statements provide relevant and reliable information.

The Group maintains and adopts accounting principles or practices which affect relevance, reliability and comparability of the consolidated financial statements with those of prior periods.

Changes in accounting estimates as a result of change in accounting policy due to the adoption of PIC Interpretations (PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry) and IFRIC Agenda Decision are discussed in Note 2 of the consolidated financial statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements, including the related notes contained herein.

Results of Operations (January – June 30, 2024 vs. January – June 30, 2023)

The Group's real estate sales for the period ended June 30, 2024 increased by 16%, rising from ₱1.97 billion to ₱2.28 billion. This growth was primarily driven by the recognition of revenue from new sales, construction accomplishment the impact of PIC accounting guidance. Real estate sales mainly came from ongoing projects such as Cornell Parksuites, 202 Peaklane, 8 Alonzo Parksuites, One Legacy Grandsuites, Copeton Baysuites, One Financial Center, and Anchor Grandsuites.

On the other hand, the cost of real estate sales decreased by 21% or ₱345.24 million from ₱1.61 billion last year. This decrease was attributed to the application of the IFRIC Agenda Decision on Philippine Accounting Standards 23, *Borrowing Costs*, which ceased the capitalization of borrowing costs as part of real estate inventories. Consequently, this led to an improvement in the Group's gross margin but also resulted in increased finance costs.

Revenue from rental operations experienced a decline of 16%, falling from ₱603.14 million to ₱508.87 million. This decrease was primarily due to the termination of a contract with a tenant at The Centrium and the forgone rental income from Baylife Venue following the deconsolidation of a subsidiary.

Our hotel revenue resulted in an increase of 31%, growing from ₱127.08 million to ₱166.51 million. This improvement was mainly driven by an increase in occupancy rates and increase in revenue from food and beverages.

Despite the mixed performance across different revenue streams, our net income remained steady with a slight increase by 3%, from ₱313.45 million to ₱323.42 million.

Financial Condition (June 30, 2024 vs. December 31, 2023)

As at June 30, 2024, the Group's total assets stood at ₱40.02 billion, reflecting an increase of ₱537.77 million from ₱39.48 billion on December 31, 2023. This increase was primarily attributed to development costs incurred and land acquisition related to real estate inventories that totaled ₱2.30 billion during the period.

Similarly, the Group's total liabilities increased by 5% or ₱1.50 billion, this was mainly driven by proceeds of ₱3.65 billion from loan availments during the period, used specifically for property acquisition and development purposes.

Moreover, the Group's equity recorded a decrease of ₱959.49 million, primarily driven by movements in retained earnings resulting from recorded ₱323.42 million net income during the period and ₱1.21 billion adjustments in the beginning balance due to the modified retrospective application of the PIC interpretations effective January 1, 2024.

Material Changes to the Consolidated Statements of Comprehensive Income for the Six Months Ended June 30, 2024 compared with the Six Months Ended June 30, 2023 (Increase/Decrease of 5% or more)

Real estate sales increased by 16% or ₱314.42 million mainly due to higher revenue recognition from new sales, construction accomplishment and impact of PIC interpretations adoption.

Management fee increased by 21% or ₱4.09 million due to the new property management contract with Juan Luna Logistics Center and the escalation of billing rates.

Rental income decreased by 16% or ₱94.28 million due to the pre-terminated lease contract from The Centrium tenant and the effect of deconsolidation of a subsidiary.

Revenue and cost of hotel operation increased by 31% or ₱39.43 million and 40% or ₱31.84 million mainly due the higher number of guests and diners during the period.

Interest and other income decreased by 23% or ₱70.31 million due to the decrease in interest income from installment contracts receivable that resulted from the application of PIC interpretations on the significant financing component.

Cost of real estate sales decreased by 21% or ₱345.24 million, while finance cost increased by 383% or ₱476.95 million due to the ceased capitalization of borrowing costs on real estate for development and sale as a result of the adoption of PIC interpretations in 2024.

Material Changes to the Balance Sheet as at June 30, 2024 compared to December 31, 2023 (Increase/Decrease of 5% or more)

Cash and cash equivalents increased by 23% or ₱268.88 million due to the proceeds from the loan availments to be used for property acquisition.

The decreases in receivables (including noncurrent portion) decreased by 17% or ₱555.64 million mainly due to the impact of the adoption of PIC interpretations effective January 1, 2024 and the continuous collections from the buyers and tenants.

Real estate for development and sale increased by 5% or ₱650.82 million due to the development costs incurred for the ongoing projects and the acquisition of land property, net of cost of sales recognized during the period.

The increase in deferred tax assets by 53% or ₱97.08 million and the decrease in deferred tax liabilities by 89% or ₱319.94 million were mainly due to the movement of deferred taxes recognized on the differences between tax and accounting treatment for the real estate sales transactions, resulting from the adoption of PIC interpretations.

Income tax payable decreased by 46% or ₱101.72 million due to income tax remittance made and application of creditable withholding tax in 2024.

Loans payable (including noncurrent portion) increased by 8% or ₱1.74 billion mainly due to proceeds from the loan availments during the period for property acquisition and construction activities.

Lease liabilities (including noncurrent portion) decreased by 12% or ₱18.91 million due to the lease payments made during the period.

Pension liabilities increased by 8% or ₱6.76 million due to the accrual of pension expense during the period.

Retained earnings decreased by ₱959.49 million, due to the net income of ₱323.42 million recorded during the period and ₱1.21 billion adjustments in the beginning balance due to the modified retrospective application of the PIC interpretations effective January 1, 2024.

KEY PERFORMANCE INDICATORS

The Group assessed its performance based on the following key performance indicators:

	As at June 30, 2024	As at December 31, 2023
Liquidity Ratio:		
(1) Current Ratio	**1:50 : 1**	1.70 : 1
(2) Debt to Equity Ratio	**3.55 : 1**	3.05 : 1
(3) Asset to Equity Ratio	**4.55 : 1**	4.05 : 1

	For the period ended June 30, 2024	For the period ended June 30, 2023
(4) Earnings before Interest, Taxes, Depreciation and Amortization	**₱1,251.58 million**	₱1,228.95 million
(5) Interest Coverage Ratio	**1.58 : 1**	1.87 : 1
(6) Return on Revenue	**10%**	10%
(7) Return on Equity	**4%**	3%
(8) Basic Earnings per Share	**₱0.30**	₱0.29

(1) Current Assets / Current Liabilities
(2) Total Liabilities / Total Stockholders' Equity
(3) Total Assets / Total Stockholders' Equity
(4) Income before Tax , Interest, Depreciation and Amortization
(5) Income before Tax, Interest, Depreciation and Amortization / Interest Expense
(6) Net Income attributable to equity holders / Total Revenue
(7) Net Income attributable to equity holders / Total Stockholders' Equity
(8) Net Income attributable to equity holders –Preferred Shares Dividends / Outstanding Shares

These key indicators were chosen to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and a measure of the Group's ability to maximize the value of its stockholders' investment in the Group (Earnings per Share, Earnings before Interest and Taxes and Return on Equity).

The Group will continue to identify potential sites for development and pursue expansion activities by establishing landmark developments in the high rise residential luxury condominium and investment properties. The Group intends to implement this by putting up the required resources needed for the development of its existing and future projects.

OTHER INTERIM DISCLOSURES

Other than those items already disclosed in the consolidated financial statements and in this report, there were no material events or uncertainties known to management as at June 30, 2024, in respect of the following:

- Any known trends, demands, commitments, events or uncertainties that are reasonably expected to have a material effect on liquidity. The Group does not anticipate having within the next 12 months any liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases or other indebtedness or financing agreement.

- Events that will trigger material financial obligation to the Group.

- Material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales/revenue/income from continuing operations.

- Significant elements of income or loss that did not arise from the Group's continuing operations.

- Seasonal aspects that had material effect on the financial condition or result of operations.

AGING OF RECEIVABLES
As at June 30, 2024

	Total	Neither Past Due Nor Impaired	Past due but not impaired				Individually Impaired
			<30 days	30-60 days	61-90 days	>90 days	
Installment contracts receivable	**₱1,890,862,353**	**₱1,870,731,276**	**₱2,923,915**	**₱3,814,940**	**₱2,143,770**	**₱11,248,452**	**₱–**
Note receivable	**486,534,474**	**486,534,474**	**–**	**–**	**–**	**–**	**–**
Rental receivable	**184,449,817**	**174,369,651**	**3,393,628**	**1,221,892**	**729,775**	**4,734,871**	**–**
Advances to employees and agents	**39,639,796**	**39,639,796**	**–**	**–**	**–**	**–**	**–**
Due from condominium associations	**36,453,865**	**36,453,865**	**–**	**–**	**–**	**–**	**–**
Others	**63,973,802**	**36,106,793**	**9,304,811**	**430,695**	**534,676**	**393,476**	**17,203,351**
	₱2,701,914,107	**₱2,643,835,855**	**₱15,622,354**	**₱5,467,527**	**₱3,408,221**	**₱16,376,799**	**₱17,203,351**

PART II. OTHER INFORMATION

For the period ended June 30, 2024, the Group reported the following information on SEC Form 17-C:

Date of Report	Nature of Item Reported
March 25, 2024	BOD Approvals for: - 2023 Audited Financial Statements for Parent Company - 2023 Audited Consolidated Financial Statements - 2023 Annual Report - Declaration of Cash Dividends - Setting of Annual Stockholder's Meeting
March 25, 2024	Notice of Annual Stockholders'Meeting
March 25, 2024	Declaration of Cash Dividends
May 14, 2024	Approval of the March 31, 2024 Financial Statements

Signature

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

By:

Registrant: **Anchor Land Holdings, Inc.**

CHARLES STEWART LEE
Chairman

NEIL Y. CHUA
Chief Finance Officer

Anchor Land Holdings, Inc.
and Subsidiaries

Consolidated Financial Statements
June 30, 2024 and December 31, 2023
And Periods Ended June 30, 2024 and 2023
And Years Ended December 31, 2023 and 2022

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,433,512,412**	₱1,164,633,504
Receivables (Note 5)	**1,266,600,682**	1,909,180,141
Real estate for development and sale (Note 6)	**14,569,453,039**	13,918,637,688
Other current assets (Note 7)	**2,284,915,366**	2,385,721,768
	19,554,481,499	19,378,173,101
Noncurrent Assets		
Receivables - net of current portion (Note 5)	**1,418,110,074**	1,331,173,731
Property and equipment (Note 8)	**3,722,570,750**	3,732,936,076
Investment properties (Note 9)	**14,434,221,370**	14,436,610,507
Deferred tax assets - net (Note 18)	**281,503,372**	184,427,125
Other noncurrent assets (Note 10)	**605,361,967**	415,154,952
	20,461,767,533	20,100,302,391
	₱40,016,249,032	₱39,478,475,492
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 11)	**₱3,283,992,596**	₱3,266,226,888
Lease liabilities - current portion (Note 22)	**40,245,397**	38,927,851
Income tax payable	**119,512,140**	221,232,659
Loans payable - current portion (Note 12)	**6,712,208,371**	5,093,942,433
Customers’ advances and deposits - current portion (Note 13)	**2,844,816,235**	2,794,876,352
	13,000,774,739	11,415,206,183
Noncurrent Liabilities		
Accounts and other payables - net of current portion (Note 11)	**1,189,847,998**	1,033,728,016
Lease liabilities - net of current portion (Note 22)	**94,429,104**	114,659,165
Loans payable - net of current portion (Note 12)	**16,710,624,915**	16,590,353,542
Customers’ advances and deposits - net of current portion (Note 13)	**102,383,961**	133,666,792
Deferred tax liabilities - net (Note 18)	**39,515,556**	359,453,799
Pension liabilities (Note 17)	**91,932,595**	85,176,407
	18,228,734,129	18,317,037,721
	₱31,229,508,868	₱29,732,243,904

(Forward)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity (Note 19)		
Equity attributable to equity holders of Anchor Land Holdings, Inc.		
Capital stock		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Other comprehensive income	**64,916,057**	64,916,057
Retained earnings		
Appropriated	**5,621,600,000**	6,571,600,000
Unappropriated	**1,080,868,823**	1,090,360,247
	8,786,740,164	9,746,231,588
	₱40,016,249,032	₱39,478,475,492

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2024 Unaudited		2023 Unaudited	
	April 1 to June 30	**January 1 to June 30**	April 1 to June 30	January 1 to June 30
REVENUE				
Real estate sales (Note 21)	**₱1,100,592,919**	**₱2,283,927,936**	₱596,008,692	₱1,969,509,531
Rental income (Notes 9, 13, 21 and 22)	**283,159,433**	**508,867,609**	267,749,706	603,144,406
Management fee (Note 21)	**12,411,117**	**23,888,285**	10,322,701	19,800,949
Hotel operation (Note 21)	**86,576,498**	**166,506,872**	65,190,654	127,077,146
Interest and other income -net (Notes 4, 5, 15 and 21)	**85,110,873**	**238,204,171**	209,396,808	308,510,953
	1,567,850,840	**3,221,394,873**	1,148,668,561	3,028,042,985
COSTS AND EXPENSES				
Real estate (Notes 6, 16 and 21)	**589,580,021**	**1,263,473,146**	478,345,145	1,608,709,178
Hotel operation (Notes 16 and 21)	**64,086,153**	**110,987,200**	40,367,911	79,147,347
Selling and administrative (Notes 16 and 21)	**408,250,963**	**814,830,106**	358,972,686	795,498,978
Finance costs (Notes 12, 17, 21 and 22)	**289,856,948**	**601,572,648**	61,544,315	124,623,151
	1,351,774,085	**2,790,863,100**	939,230,057	2,607,978,654
INCOME BEFORE INCOME TAX	**216,076,755**	**430,531,773**	209,438,504	420,064,331
PROVISION FOR INCOME TAX (Note 18)	**53,352,433**	**107,116,305**	52,460,427	106,612,327
NET INCOME	**162,724,322**	**323,415,468**	156,978,077	313,452,004
OTHER COMPREHENSIVE INCOME (LOSS)	**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME	**₱162,724,322**	**₱323,415,468**	₱156,978,077	₱313,452,004
Net income (loss) attributable to:				
Equity holders of Anchor Land Holdings, Inc.	**₱162,724,322**	**₱323,415,468**	₱157,769,757	₱316,844,176
Non-controlling interests	**–**	**–**	(791,680)	(3,392,172)
	₱162,724,322	**₱323,415,468**	₱156,978,077	₱313,452,004
Total comprehensive income (loss) attributable to:				
Equity holders of Anchor Land Holdings, Inc.	**₱162,724,322**	**₱323,415,468**	₱157,769,757	₱316,844,176
Non-controlling interests	**–**	**–**	(791,680)	(3,392,172)
	₱162,724,322	**₱323,415,468**	₱156,978,077	₱313,452,004
Basic/Diluted Earnings Per Share (Note 23)	**₱0.15**	**₱0.30**	₱0.14	₱0.29

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent							
				Other	Retained Earnings (Note 19)		Attributable to	
	Common Stock (Note 19)	Preferred Stock (Note 19)	Additional Paid-in Capital	Comprehensive Income	Appropriated	Unappropriated	Non-controlling Interests	Total
At January 1, 2024	₱1,040,001,000	₱346,667,000	₱632,687,284	₱64,916,057	₱6,571,600,000	₱1,090,360,247	₱–	₱9,746,231,588
Effect of change in accounting policy (Note 2)	–	–	–	–	–	(1,213,573,492)	–	(1,213,573,492)
At January 1, 2024, restated	1,040,001,000	346,667,000	632,687,284	64,916,057	6,571,600,000	(123,213,245)	–	8,532,658,096
Net income	–	–	–	–	–	323,415,468	–	323,415,468
Total comprehensive income	–	–	–	–	–	323,415,468	–	323,415,468
Dividends declared	–	–	–	–	–	(69,333,400)	–	(69,333,400)
Release from appropriations	–	–	–	–	(950,000,000)	950,000,000	–	–
At June 30, 2024	₱1,040,001,000	₱346,667,000	₱632,687,284	₱64,916,057	₱5,621,600,000	₱1,080,868,823	₱–	₱8,786,740,164
At January 1, 2023	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱724,963,701	(₱21,176,791)	₱9,165,971,127
Net income	–	–	–	–	–	316,844,176	(3,392,172)	313,452,004
Total comprehensive income	–	–	–	–	–	316,844,176	(3,392,172)	313,452,004
Disposal of subsidiaries (Note 1)	–	–	–	–	–	–	401,172	401,172
Dividends declared	–	–	–	–	–	(58,933,390)	–	(58,933,390)
At June 30, 2023	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱982,874,487	(₱24,167,791)	₱9,420,890,913
At January 1, 2023	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱724,963,701	(₱21,176,791)	₱9,165,971,127
Net income	–	–	–	–	–	623,729,936	(2,845,355)	620,884,581
Other comprehensive income	–	–	–	(5,712,876)	–	–	–	(5,712,876)
Total comprehensive income	–	–	–	(5,712,876)	–	623,729,936	(2,845,355)	615,171,705
Disposal of subsidiaries (Note 1)	–	–	–	–	–	–	24,022,146	24,022,146
Dividends declared	–	–	–	–	–	(58,933,390)	–	(58,933,390)
Appropriated during the year	–	–	–	–	200,900,000	(200,900,000)	–	–
Release from appropriations	–	–	–	–	(1,500,000)	1,500,000	–	–
At December 31, 2023	₱1,040,001,000	₱346,667,000	₱632,687,284	₱64,916,057	₱6,571,600,000	₱1,090,360,247	₱–	₱9,746,231,588
At January 1, 2022	₱1,040,001,000	₱346,667,000	₱632,687,284	₱52,493,749	₱5,071,200,000	₱1,560,799,790	(₱24,314,503)	₱8,679,534,320
Net income	–	–	–	–	–	517,547,353	(1,612,552)	515,934,801
Other comprehensive income	–	–	–	18,135,184	–	–	–	18,135,184
Total comprehensive income	–	–	–	18,135,184	–	517,547,353	(1,612,552)	534,069,985
Change in non-controlling interests (Note 1)	–	–	–	–	–	(3,850,062)	4,750,264	900,202
Dividends declared	–	–	–	–	–	(48,533,380)	–	(48,533,380)
Appropriated during the year	–	–	–	–	1,751,000,000	(1,751,000,000)	–	–
Release from appropriations	–	–	–	–	(450,000,000)	450,000,000	–	–
At December 31, 2022	₱1,040,001,000	₱346,667,000	₱632,687,284	₱70,628,933	₱6,372,200,000	₱724,963,701	(₱21,176,791)	₱9,165,971,127

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six-Month Periods Ended June 30		Years Ended December 31	
	2024	2023	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱430,531,773**	₱420,064,331	₱856,947,992	₱688,836,172
Adjustments for:				
Finance costs (Notes 12, 17, 21 and 22)	**601,572,648**	124,623,151	249,485,266	116,660,624
Depreciation and amortization (Notes 8, 9, 10 and 16)	**219,479,048**	231,812,529	453,399,219	336,895,647
Pension costs (Note 17)	**4,149,414**	5,310,206	8,298,828	10,620,412
Gain on sale of subsidiaries (Notes 1 and 15)	–	(1,586,125)	(49,621,239)	–
Interest expense (income) - net (Note 15)	**(41,802,709)**	(121,771,313)	(232,659,151)	(240,429,181)
Operating income before working capital changes	**1,213,930,174**	658,452,779	1,285,850,915	912,583,674
Decrease (increase) in:				
Receivables	**(739,717,303)**	224,736,163	(322,296,964)	1,444,802,465
Real estate for development and sale	**(1,041,107,961)**	(777,277,855)	(2,114,506,830)	(1,187,049,877)
Other assets	**(201,500,441)**	(165,879,359)	144,946,974	330,040,806
Increase (decrease) in:				
Accounts and other payables	**170,188,779**	1,452,006,645	1,685,443,955	1,483,722,387
Customers’ advances and deposits	**18,657,052**	(713,712,099)	(469,292,434)	93,081,623
Net cash generated from (used in) operations	**(579,549,700)**	678,326,274	210,145,616	3,077,181,078
Interest received	**67,062,136**	121,771,313	232,659,151	240,429,181
Income taxes paid *(including creditable withholding taxes)*	**(108,320,919)**	(100,812,098)	(411,987,441)	(179,243,317)
Interest paid	**(647,016,354)**	(92,385,632)	(187,737,156)	(86,023,359)
Net cash provided by (used in) operating activities	**(1,267,824,837)**	606,899,857	(156,919,830)	3,052,343,583
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	**(60,525,849)**	(126,209,910)	(173,710,660)	(302,014,046)
Investment properties	**(145,863,752)**	(652,837,951)	(1,334,889,617)	(2,109,331,794)
Software and brand development costs	**(1,241,053)**	–	–	(785,110)
Collection of notes receivable	**55,106,258**			
Disposal of subsidiaries, net of cash disposed of (Note 1)	–	(5,947,362)	(15,461,197)	–
Net cash used in investing activities	**(152,524,396)**	(784,995,223)	(1,524,061,474)	(2,412,130,950)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loan availments	**3,648,916,102**	2,951,796,250	8,084,555,566	3,611,774,480
Payments of:				
Lease liabilities (Note 22)	**(23,724,902)**	(41,931,666)	(69,773,839)	(70,111,071)
Loans payable	**(1,935,963,059)**	(2,638,731,169)	(6,402,118,315)	(4,108,696,603)
Dividends (Note 19)	–	(58,933,390)	(58,933,390)	(48,533,380)
Net cash provided by (used in) financing activities (Note 24)	**1,689,228,141**	212,200,025	1,553,730,022	(615,566,574)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**268,878,908**	34,104,659	(127,251,282)	24,646,059
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,164,633,504**	1,291,884,786	1,291,884,786	1,267,238,727
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱1,433,512,412**	₱1,325,989,445	₱1,164,633,504	₱1,291,884,786

See accompanying Notes to Consolidated Financial Statements.

ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Corporate Information

Anchor Land Holdings, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 29, 2004. The Parent Company started its operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2024 and 2023:

	Direct	Indirect
Posh Properties Development Corporation (PPDC)	**100.00%**	–
Basiclink Equity Investment Corp. (BEIC)[a]	–	**60.00%**
Realty & Development Corporation of San Buenaventura [b]	–	**100.00%**
Pasay Metro Center, Inc. [b]	–	**100.00%**
Anchor Properties Corporation (APC)	**100.00%**	–
Admiral Realty Company, Inc. (ARCI)	–	**100.00%**
Gotamco Realty Investment Corporation (GRIC)	–	**100.00%**
Irenealmeda Realty, Inc. [b]	–	**100.00%**
Nusantara Holdings, Inc.	–	**100.00%**
Fersan Realty Corporation (FRC)	–	**100.00%**
One Binondo Prime Properties Corp. (OBPPC) [c]	–	**100.00%**
Anchor Land Hotels & Resorts, Inc. (ALHRI)	**100.00%**	–
Momentum Properties Management Corporation (MPMC)	**100.00%**	–
Eisenglas Aluminum and Glass, Inc. (EAGI) [b]	–	**100.00%**
Marathon Properties Management and Holdings, Corporation (MPMHC)	–	**100.00%**
Anchor Land Global Corporation (ALGC)	**100.00%**	–
1080 Soler Corp.	–	**100.00%**
BEIC [a]	–	**40.00%**
Teamex Properties Development Corporation(TPDC) [c]	–	**100.00%**
Wework Realty Development Corporation (WRDC) [c]	–	**100.00%**

[a] BEIC is a wholly owned subsidiary of the Parent Company through PPDC and ALGC which own percentage ownership of 60% and 40%, respectively, over BEIC.
[b] Ceased commercial operations.
[c] Has not yet started commercial operations.

All of the Parent Company's subsidiaries were incorporated and domiciled in the Philippines.

The Parent Company and its subsidiaries (collectively called "the Group") have principal business interest in the development and sale of high-end residential condominium units and in the development and leasing of commercial, warehouse, residential units and office spaces. MPMC provides property management services. ALHRI was incorporated in June 2017 to engage in the Group's hotel and resort operations.

The following are the changes in the Group's structure in 2023 and 2022:

For the year-ended December 31, 2023:

- ALGC sold 57% of the voting shares of Frontier Harbor Property Development Inc. (FHPDI). The remaining interest in FHPDI amounting to ₱0.08 million is presented under "Other noncurrent assets".

- ALHI sold 70% of the voting shares of Globeway Property Ventures, Inc. (GPVI).

  At the date of disposal, the carrying amounts of FHPDI and GPVI's net assets were as follows:

	FHPDI	GPVI
Assets		
Cash	₱7,372,365	₱11,701,337
Receivables	–	6,107,146
Other current assets	309,143,379	65,070,463
Investment properties (Note 9)	2,608,502,398	610,562,912
Deferred tax assets	501,962	36,143,022
Other noncurrent assets	144,864,309	8,917,300
	₱3,070,384,413	₱738,502,180
Liabilities		
Accounts and other payables	₱3,070,871,707	₱569,841,356
Customers' advances and deposits	–	1,811,207
Lease liability (Note 22)	–	236,318,203
	3,070,871,707	807,970,766
Net Liabilities	₱487,294	₱69,468,586

The aggregate consideration received consists of:

	FHPDI	GPVI
Cash consideration received	₱1,425,003	₱2,187,502
Retained interest	75,000	–
	1,500,003	2,187,502
Net Liabilities	487,294	69,468,586
NCI	(401,172)	(23,620,974)
Total Gain on Sale (Note 15)	₱1,586,125	₱48,035,114

Net cash outflow arising on disposal:

	FHPDI	GPVI
Cash consideration received	₱1,425,003	₱2,187,502
Less: cash in banks disposed	7,372,365	11,701,337
	₱5,947,362	₱9,513,835

The above transactions resulted in the loss of control and deconsolidation of FHPDI and GPVI.

For the year-ended December 31, 2022:

- MPMC acquired the 40% non-controlling interests (NCI) in EAGI. The acquisition resulted in an increase in the Group’s ownership interest in EAGI from 60% to 100% and derecognition of NCI amounting to ₱4.71 million; and
- ALGC sold 40% of the voting shares of FHPDI. As the Group continued to exercise control over FHPDI, the partial disposal was accounted for as a transaction between owners in their capacity as owners, or an equity transaction, in accordance with PFRS 3, *Business Combinations*. The sale resulted in a decrease in the Group’s ownership interest in FHPDI from 100% to 60% and recognition of NCI directly to equity amounting to ₱0.04 million.

The above transactions resulted in addition (reduction) to retained earnings amounting to (₱4.81 million) and ₱0.96 million, respectively.

2. Summary of Material Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company’s functional currency and presentation currency. All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption.

Statement of Compliance

The accompanying consolidated financial statements, are prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs include PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, entities over which the Parent Company has control.

Specifically, the Parent Company controls an investee if and only if the Parent Company has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Any contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Parent Company’s voting rights and potential voting rights.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to NCI, even if this results in the NCI having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position.
- Recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9, *Financial Instruments* or, when appropriate, the cost on initial recognition of an investment in associate or joint venture.
- Recognizes the gain or loss of control attributable to the former controlling interest.

<u>Non-controlling Interests</u>
NCI represent the portion of income and expenses and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separate from the equity attributable to the equity holders of the Parent Company.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the following new and amended PFRSs which were adopted beginning January 1, 2024.

- *PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04), which include the following:*

  a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (amended by PIC Q&A 2020-04)
  b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

  On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

On July 8, 2021, Philippine SEC issued SEC MC No. 8-2021 that provided accounting policy option of applying either full retrospective approach or modified retrospective approach when applying the above provisions of PIC Q&A 2018-12.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Effective January 1, 2024, the Group adopted the PIC Q&A provisions using modified retrospective approach.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for Real Estate Industry*

  IFRIC concluded that borrowing costs cannot be capitalized for real estate inventories as they do not meet the definition of a qualifying asset under PAS 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

  On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023 which was availed by the Group. The Group adopted the IFRIC Agenda Decision effective January 1, 2024, using modified retrospective approach as provided under SEC MC No. 8-2021.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

<u>Standards and Interpretation Issued but Not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of these pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council (FRSC) deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

<u>Summary of Material Accounting Policies</u>
The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

<u>Current and Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is classified as current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is classified as current when:
- it is expected to be settled within the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months from the reporting date; or,
- there is no unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

The Group classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are

readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI (FVTOCI) and fair value through profit of loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contracts receivable, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables from real estate sales which are included in the installment contracts receivable, rental receivable, note receivable, due from condominium associations, other receivables, utility and security deposits and construction bond deposits.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group uses vintage analysis for installment contracts receivable and established provision matrix for the rest of the receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The key inputs in the model include the Group's definition of default and historical data of five years for the origination, maturity date and default date. The Group considers a financial asset in default when contractual payment are 90 days past due. However, 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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Accounts and other payables (except "Other taxes payable")", "Lease liabilities", "Loans payable" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards).

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of comprehensive income.

This category generally applies to accounts and other payables (excluding other taxes and statutory payables), lease liabilities and loans payable.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

c. Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Real Estate for Development and Sale</u>
Real estate for development and sale is constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to sell.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

<u>Advances to Contractors and Suppliers and Retention Payable</u>
Amounts paid to contractors and suppliers in advance are not part of real estate for development and sale but presented as “Advances to contractors and suppliers” under “Other current assets” and “Other noncurrent assets” in the consolidated statements of financial position.

Advances to contractors and suppliers is carried at cost less any impairment in value.

Advances to contractors and suppliers are classified based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. real estate for development and sale, investment properties and property and equipment).

Portion of the contractors’ progress billings which is withheld by the Group are presented as “Retention payable” under “Accounts and other payables” in the consolidated statements of financial position. This serves as security from the contractor should there be defects in the project and will be released after the satisfactory completion of the contractors’ work.

<u>Creditable Withholding Tax</u>
Creditable withholding tax pertains to the amounts withheld from income derived from real estate sales, leasing, property management and hotel operation which can be applied against income tax payable.

<u>Value-added Tax (VAT)</u>
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statements of financial position. When VAT passed on from purchases of goods or services (input

VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statements of financial position to the extent of the recoverable amount.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of rent, insurance premiums and real property taxes. These also include the deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Other Current Assets
Other current assets include assets that are realized as part of the normal operating cycle and are expected to be realized within 12 months.

Deposits on Real Estate Properties
Deposits on real estate properties represent the Group's advance payments to real estate property owners for the acquisition of real estate properties. Once the sale is consummated, these deposits will be applied against the selling price of the real estate property acquired.

Deposits on real estate properties is carried at cost less any impairment in value.

Deposits on real estate properties are classified as current or noncurrent based on the realization of such deposits determined with reference to the usage of the asset to which it is intended for (e.g. real estate for development and sale, investment properties or property and equipment).

Property and Equipment
The Group's property and equipment consist of hotel property, leasehold improvements, office equipment, furniture and fixtures, transportation vehicles and right-of-use assets that do not qualify as investment properties.

Property and equipment are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation and amortization of property and equipment commences when the assets are available for use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation vehicles	3 - 5
Hotel property	50

Leasehold improvements are amortized on a straight-line basis over term of the lease or the EUL of the asset of 2 to 5 years.

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

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization, and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Investment Properties

Investment properties comprise of properties which are held to earn rentals and properties under construction or redevelopment which will be held for rental upon completion as well as land currently held for undetermined use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of the replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at historical cost less provisions for depreciation and impairment. Accordingly, land is carried at cost less any impairment in value and building is carried at cost less depreciation and any impairment in value.

Construction-in-progress (CIP) is stated at cost. The initial costs of investment property consist of its construction costs, and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. CIP is carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

For those right-of-use assets that qualify as investment properties, i.e., those land that are leased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Depreciation of investment properties is computed using the straight-line method over the EUL of the assets 20 to 50 years or lease term, whichever is lower. The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. A transfer is made from investment property when and only when there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor the cost of that property for measurement or disclosure purposes.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (i.e., deposits on real estate properties, advances to contractors and suppliers, property and equipment, investment properties including right-of-use assets and software and brand development costs) may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Advances and Deposits

Deposits from real estate buyers

Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in profit or loss once the revenue recognition threshold is met and the related obligations are fulfilled to the real estate buyers. These are treated as contract liabilities of the Group.

Deposits from lessees
Deposits from lessees include advance collections pertaining to the lease of commercial units of the Group. These collections are subsequently recognized as income under “Rental income” on a straight-line basis over the lease term.

Deposits from lessees also consist of collections from tenants for leasehold rights. Leasehold rights pertain to the right to lease the commercial space over a certain number of years.

Equity
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of share, a separate account is maintained for each class of share and the number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to additional paid-in capital. When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as deductions from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Retained earnings represent the cumulative balance of net income or losses, net of any dividend declarations.

Other Comprehensive Income
OCI are items of income and expenses that are not recognized in for the period in accordance with PFRSs. The Group’s OCI pertains to remeasurement gains and losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue Recognition
Revenue from Contract with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements.

The disclosures of material accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 3.

Real Estate Sales
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer’s commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, if it would still support its current threshold of buyer’s equity before commencing revenue recognition.

The Group derives its real estate revenue from sale of condominium units, commercial units and warehouses. Revenue from sales of completed real estate project is accounted using the full accrual method. Revenue from the sale of uncompleted real estate projects are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the Group's project engineers, as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself. Prior to January 1, 2024, land, as an element of the total development project, is included in the determination of POC. Effective January 1, 2024, in accordance with the PIC Q&A issued by the PIC, land is excluded in the measurement of POC.

If any of the criteria under the full accrual or POC method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are likewise considered as contract liabilities which is presented under the "Customers' advances and deposits" account in the consolidated statements of financial position.

Information about the Group's Performance Obligation
The Group entered into contract to sell with one identified performance obligation which is the sale of the condominium unit together with the services to transfer the title to the buyer for a corresponding contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. 1 to 7 years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Group provides a quality assurance warranty which is not treated as a separate performance obligation.

Rental Income
Rental income under cancellable leases on investment properties is recognized in profit or loss based on the terms of the lease as provided under the lease contract. Rental income under a noncancellable lease agreement is recognized as income on a straight-line basis over the lease term.

Hotel operation
Hotel revenues from room rentals, food and beverage sales, and other ancillary services are recognized when the services are rendered. Revenue from other ancillary services include, among others, business center, laundry service, communication service, transportation and parking, and spa services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time

when they relate to room rentals, that is over the stay within the hotel, at a point in time for other goods or services, when they have been delivered or rendered.

Management Fee Income
Management fees consist of revenue arising from contracts of administering a property. The customers pay either a fixed amount or at amount stipulated in the agreement. The revenue is recognized when the related services are rendered.

Interest and other income
Interest is recognized as it accrues (using the EIR method, i.e., based on the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Other income includes service revenue and customer related fees such as penalties and surcharges and income from forfeited reservations and collections, which are recognized as they accrue, taking into account the provisions of the related contract.

Income from forfeitures (e.g. collections) is recognized upon default of potential buyers, subject to the provisions of Republic Act (RA) No. 6552, *Realty Installment Buyer Protection Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Costs and Expenses
Costs and expenses are recognized in the consolidated statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statements of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Cost of Real Estate Sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees, costs of land, land development costs, building costs, professional fees, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as cost of sales while the portion allocable to the unsold area being recognized as part of real estate inventories. Effective January 1, 2024, in accordance with PIC Q&A issued by the PIC, costs of land is accounted as fulfillment cost and is amortized over the period of performance based on the POC.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue.

Cost of Hotel Operation
Cost of hotel operation pertain to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Selling and Administration Expenses
Selling expenses are costs incurred to sell real estate inventories, which includes advertising and promotions, among others. Administrative expenses constitute costs of administering the business. Except for commission (see disclosure in "Costs to obtain a contract" for the accounting of commission), selling and administrative expenses are recorded as incurred. These include cost of leasing services which mainly pertain to depreciation and amortization, taxes and licenses and utilities related to the Group's commercial projects.

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

Contract Balances
Installment Contract Receivable
An installment contract receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the considerations received from the customer and the transferred goods or services to a customer. If the Group performs by transferring goods or services to a customer before the customer pays the equivalent amount of the agreed consideration or before payment is due, the unpaid amount is classified as installment contracts receivable.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized based on the revenue recognition accounting policy.

The contract liabilities includes excess of collections over the total recognized installment contracts receivable based on POC and collections from customers for which revenue recognition has not yet commenced.

Contract liabilities is shown as part of the "Customers' advances and deposits" account in the consolidated statements of financial position.

Costs to Obtain a Contract
The costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and administrative expenses" account under "Costs and expenses" in the consolidated statements of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract Fulfillment Assets
Contract fulfillment costs are divided into (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which if met, result in capitalization (i) costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) costs are expected to be recovered. The assessment of this criteria requires the application of judgement particularly in determining whether costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

Amortization, Derecognition and Impairment of Contract Fulfillment Assets and Capitalized Costs to Obtain a Contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortizations of contract fulfilment assets and capitalized costs to obtain a contract are included in the “Real estate” and “Selling and administrative” accounts under “Costs and expenses” in the consolidated statements of comprehensive income.

A contract fulfillment asset or costs capitalized to obtain a contract is derecognized when it is disposed of or when no further economic benefits are expected to flow from its use or disposal. At each reporting date, the Group determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price is removed when testing for impairment.

In case the relevant costs demonstrate indicators of impairment, judgement is required in ascertaining the future economic benefits from these contracts as sufficient to recover the relevant assets.

<u>Borrowing Costs</u>
Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in “Real estate for development and sale”, “Property and equipment” and “Investment properties” accounts in the consolidated statements of financial position). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Prior to January 1, 2024, the Group capitalizes borrowing costs for “Real estate for development and sale” until projects reach completion and are ready for transfer to buyers. Effective January 1, 2023, adhering to the interpretation issued by the PIC, the Group ceases the capitalization when the asset is prepared for its intended sale, which is upon obtaining the license to sell.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

All other borrowing costs are expensed in the period in which they are incurred.

Debt Issuance Costs
Transaction costs incurred in connection with the availments of long-term debts are deferred and amortized using the EIR method over the term of the related loans.

Pension Liabilities
The Group has an unfunded, noncontributory defined benefit retirement plan covering all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation as of the reporting date.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension costs comprise the following:
- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by independent qualified actuaries.

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized in the consolidated statements of comprehensive income as "Finance costs".

Remeasurements comprising of actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. In determining significant risks and benefits of ownership, the Group considers, among others, the significance of the lease term as compared with the EUL of the related asset. Rental income is recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

The Group requires its tenants to pay leasehold rights pertaining to the right to use the leased unit which is reported under "Customers' advances and deposits" in the consolidated statements of financial position. Upon commencement of the lease, these payments are recognized in the consolidated statements of comprehensive income under "Rental income" on a straight-line basis over the lease term.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to account for the net present value of obligation related to the periodic lease payments. Meanwhile, right-of-use assets are also recognized to represent the economic benefits received by the Group from the right to use the underlying assets.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

As at June 30, 2024 and December 31, 2023, the Group has no dilutive potential common shares.

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that serves different markets. The Group's operating business is composed of condominium sales, leasing, property management and hotel operation. Financial information on the Group's business segments are presented in Note 21.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Material Accounting Judgments and Use of Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 of the consolidated financial statements, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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.

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

Leases
The Group applied the following judgments that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of lease term of contracts with renewal options – Group as a lessee
The Group has several lease contracts that include extension options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive in exercising the option of renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased assets).

Real estate revenue recognition

Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell is not signed by both parties, the other signed documentations such as purchase agreement and reservation application would contain all the criteria to qualify as contract with the customer under PFRS 15.

Management also considers the selling prices of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties in determining the transaction price.

Equity threshold
Part of the Group's assessment process before revenue recognition is to assess 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. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

Revenue recognition and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date.

The promised property covering specific condominium unit and/or parking slot is specifically identified in the contract. The Group is contractually restricted to sell the promised property to another buyer or to direct it for another use. In addition, the Group has the right to enforce payment from the buyer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

The Group also determines the actual costs incurred to be recognized as cost of sales by estimating the unbilled costs of incurred on materials, labor and overhead.

Distinction between real estate for development and sale, property and equipment and investment properties
The Group determines whether a property qualifies as real estate for development and sale, property and equipment or investment properties by considering whether the property is occupied substantially for use by or in operations of the Group; for sale in the ordinary course of the business; or, held primarily to earn rental income and capital appreciation.

Real estate for development and sale comprise both condominium units for sale and land held for future development, which are properties that are held for sale in the ordinary course of the business. Principally, these are properties that the Group develops and intends to sell before or upon completion of construction.

Properties intended to earn rental and for capital appreciation are classified as investment properties while properties occupied by the Group are considered as property and equipment. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets and considers the following important indicators:
- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at June 30, 2024 and December 31, 2023, carrying values are as follows:

	2024	2023
Property and equipment (Note 8)	**₱3,722,570,750**	₱3,732,936,076
Investment properties (Note 9)	**14,434,221,370**	14,436,610,507
Advances to contractors and suppliers (Notes 7 and 10)	**933,052,493**	1,009,430,909
Deposits on real estate properties (Note 10)	**203,099,794**	57,390,800
Software and brand development costs (Note 10)	**1,277,408**	371,338

Management assessed that there are no indicators of impairment for the Group's nonfinancial assets as at June 30, 2024 and December 31, 2023. Refer to discussion under estimates.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties
The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of PFRS 13, *Fair Value Measurement*. Investment properties are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 9.

Estimating NRV of real estate inventories
The Group reviews the NRV of real estate inventories, which are recorded under “Real estate for development and sale” in the consolidated statements of financial position, and compares it with the cost, since assets should not be carried in excess of amounts expected to be realized from sale. Real estate for development and sale are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions and having taken suitable external advice. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and an estimated time value of money to the date of completion.

The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. As at June 30, 2024 and December 31, 2023, the Group’s real estate for development and sale which are carried at cost amounted to ₱14,569.45.67 million and ₱13,918.64 million, respectively (see Note 6).

Revenue recognition
The Group’s revenue from real estate sales are recognized based on the POC method. POC is determined based on the physical proportion of work done on the real estate project which requires technical determination by the Group’s project engineers. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and receivables.

Real estate sales amounted to ₱2,283.93 million, ₱1,969.51 million, ₱3,203.85 million and ₱2,717.70 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Note 21).

Recognition of deferred tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of future taxable profit.

The deferred tax assets recognized as at June 30, 2024 and December 31, 2023 amounted to ₱507.52 million and ₱451.68 million, respectively. The Group’s unrecognized deferred tax assets amounted to ₱51.92 million and ₱38.88 million as at June 30, 2024 and December 31, 2023, respectively (see Note 18).

Estimating pension cost and obligation
The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions which include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

As at June 30, 2024 and December 31, 2023, the present value of benefit obligation amounted to ₱91.93 million and ₱85.18 million, respectively. Pension cost amounted to ₱6.76 million, ₱7.66 million, ₱13.00 million and ₱14.34 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Note 17).

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

As at June 30, 2024 and December 31, 2023, lease liabilities of the Group amounted to ₱134.67 million and ₱153.59 million, respectively (see Note 22).

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱1,029,500**	₱1,321,500
Cash in banks	**1,424,988,704**	1,155,958,951
Cash equivalents	**7,494,208**	7,353,053
	₱1,433,512,412	₱1,164,633,504

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents pertain to short-term bank deposits that earn interest at the prevailing short-term investment rates. Peso denominated placements have an interest rate of 4.75% as at June 30, 2024 and December 31, 2023. The carrying values of cash and cash equivalents approximate their fair values as of reporting date.

Interest income derived from cash in banks and cash equivalents amounted to ₱0.73 million, ₱0.92 million, ₱1.68 million and ₱1.48 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Note 15).

5. **Receivables**

This account consists of:

	2024	2023
Installment contracts receivable - net of unamortized discount	**₱1,890,862,353**	₱2,349,040,767
Note receivable	**486,534,474**	521,137,826
Rental receivable	**184,449,817**	245,696,958
Advances to employees and agents	**39,639,796**	38,654,609
Due from condominium associations	**36,453,865**	30,684,921
Others	**63,973,802**	72,342,142
	2,701,914,107	3,257,557,223
Less allowance for impairment losses	**17,203,351**	17,203,351
	2,684,710,756	3,240,353,872
Less noncurrent portion of :		
Installment contracts receivable	**1,005,032,708**	880,640,584
Note receivable	**413,077,366**	450,533,147
	1,418,110,074	1,331,173,731
	₱1,266,600,682	₱1,909,180,141

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments for a period of one to seven years depending on the agreement. Installment contracts receivable are generally noninterest-bearing. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyer upon full payment of the contract price.

Net unamortized premium (discount) on installment contracts receivable
In 2024 and 2023, noninterest-bearing installment contracts receivable with nominal amount of ₱1,796.34 million and ₱3,412.50 million, respectively, were initially recorded at fair value amounting to ₱1,698.25 million and ₱2,932.86 million, respectively. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 2.02% to 6.60% in 2024 and 4.12% to 6.94% in 2023.

Movements in the net unamortized premium (discount) on installment contracts receivable as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Balance at beginning of period	**(₱491,634,494)**	(₱242,974,218)
Effect of change in accounting policy (Note 2)	**348,371,506**	–
Additions	**(98,094,811)**	(479,642,113)
Accretion (amortization) (Note 15)	**(20,566,081)**	230,981,837
Balance at end of period	**(₱261,923,880)**	(₱491,634,494)

Receivable financing
The Group enters into various agreements with banks whereby the Group sold its installment contracts receivable with recourse. The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as loans payable. The carrying value of installment contracts receivable sold amounted to ₱905.62 million and ₱319.11 million as at June 30, 2024 and December 31, 2023, respectively. These receivables are used as collateral to secure the corresponding loans payables obtained (see Note 12).

Note receivable pertains to a receivable from former subsidiary of the Parent Company and is payable for a period of six years. The payment plan consists of equal quarterly payments that started on March 31, 2024, and carries an 8% annual interest rate. This note receivable is secured by a building designated as collateral along with the accompanying lease right over the land where the building is constructed (see Note 20). Interest income derived from note receivable amounted to ₱20.50 million for the six-month period ended June 30, 2024 (see Note 15).

Rental receivable pertains to receivables from the leasing operation of the Group including the effect of straight-lining. These receivables are noninterest-bearing and are collectible within the normal terms of less than 30 days.

Advances to employees and agents represent advances for operational purposes and discounts given to clients that are chargeable to agents which are noninterest-bearing and are expected to be liquidated or payable within one year.

Due from condominium associations pertains to utilities, janitorial, security and maintenance expenses paid by the Group on behalf of the condominium association and unpaid balances from management fees for administering properties. These are noninterest-bearing and are payable on demand.

Other receivables include utility charges to contractors, common usage service area charges to tenants, receivables from unit owners which pertains to transfer taxes and other charges initially paid by the Group in behalf of the unit owners and receivable from guests. These receivables are noninterest-bearing and are normally settled within one year.

As at June 30, 2024 and December 31, 2023, the allowance for impairment losses on its other receivables amounted to ₱17.20 million. No additional allowance was recognized in 2024 and 2023.

6. Real Estate for Development and Sale

This account consists of:

	2024	2023
Condominium units for sale	**₱11,886,387,532**	₱11,983,813,714
Land held for future development	**2,683,065,507**	1,934,823,974
	₱14,569,453,039	₱13,918,637,688

The rollforward of this account is as follows:

	2024	2023
Balance at beginning of period	**₱13,918,637,688**	₱11,849,733,498
Effect of change in accounting policy (Note 2)	**(390,292,610)**	–
Additions	**2,304,581,107**	4,639,519,748
Disposals - recognized as cost of real estate sales (Note 16)	**(1,263,473,146)**	(2,497,087,786)
Transfers to investment properties (Note 9)	**–**	(37,657,584)
Transfers to property and equipment (Note 8)	**–**	(35,870,188)
Balance at end of period	**₱14,569,453,039**	₱13,918,637,688

Additions during the year pertain to capitalized construction costs, borrowing costs, and other land acquisition costs incurred on the Group's ongoing projects and land held for future development.

The cost transferred to investment properties amounting to ₱37.66 million in 2023 pertains to the commercial areas of Juan Luna Logistics Center. This constitutes significant noncash transactions in the consolidated statements of cash flows (see Note 9).

The cost transferred to property and equipment amounting to ₱35.87 million in 2023, pertains to the portion of Admiral Grandsuites allocated for the operation of Admiral Hotel. This constitutes significant noncash transaction in the consolidated statements of cash flows (see Note 8).

Borrowings were used to finance the Group's ongoing projects. The related borrowing costs were capitalized as part of real estate for development and sale. The average capitalization rate used to determine the borrowings eligible for capitalization ranges from 5.63% to 5.84% and 6.01% to 7.02% in 2024 and 2023, respectively. Borrowing costs on loans payable capitalized as part of "Real estate for development and sale" amounted to ₱74.12 million, ₱452.45 million, ₱927.34 million and ₱671.04 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Note 12).

The Group has not recognized any provisions for impairment as at June 30, 2024 and December 31, 2023.

As at June 30, 2024 and December 31, 2023, the carrying amount of real estate for development and sale used as collateral to secure the Group's bank loans amounted to ₱10,101.01 million and ₱9,647.28 million, respectively (see Note 12).

7. Other Current Assets

This account consist of:

	2024	2023
Advances to contractors and suppliers	**₱808,667,373**	₱882,957,166
Creditable withholding tax	**746,333,746**	859,339,643
Input VAT	**480,537,943**	341,979,742
Prepaid expenses	**214,336,552**	267,230,869
Others	**35,039,752**	34,214,348
	₱2,284,915,366	₱2,385,721,768

Advances to contractors and suppliers represent advances and downpayments for the construction of real estate for development and sale that are recouped every progress billing payment depending on the POC.

Creditable withholding tax pertains mainly to the amounts withheld from income derived from real estate sales, leasing, property management and hotel operation. Creditable withholding tax will be applied against income tax due.

Input VAT represents taxes imposed to the Group for the land acquisitions, purchases of goods from its suppliers and availment of services from its contractors, as required by Philippine taxation laws and regulations. Any excess input VAT as at reporting period will be used as tax credits against future output VAT liabilities. Management has estimated that all input VAT is recoverable at its full amount.

Prepaid expenses include prepayments of rent, insurance premiums, taxes and costs to obtain contracts, i.e., commission that is related to the real estate sales and rental contracts.

The Group recognizes the commission of marketing agents as prepaid expense upon obtaining contracts with buyers, as required by PFRS 15. This is amortized or charged to expense in the period in which the related revenue is recognized as earned (based on POC). The related liability recognized related to the cost to obtain contracts are recorded in accrued commission (see Note 11).

The movements in prepaid commission for the six-month period ended June 30, 2024 and for the year-ended December 31, 2023 are as follows:

	2024	2023
Balance at beginning of period	**₱201,962,861**	₱188,905,287
Effect of change in accounting policy (Note 2)	**32,951,688**	–
Additions	**87,894,867**	134,801,416
Amortization	**(83,689,385)**	(121,743,842)
Balance at end of period	**239,120,031**	201,962,861
Less noncurrent portion (Note 10)	**113,950,567**	72,850,533
	₱125,169,464	₱129,112,328

8. **Property and Equipment**

The movements in this account are as follows:

	2024						
	Hotel Property	**Leasehold Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Transportation Vehicles**	**Right- of- Use Assets (Building)**	**Total**
Cost							
At January 1	**₱3,581,076,578**	**₱90,676,191**	**₱71,582,681**	**₱85,349,916**	**₱137,624,297**	**₱343,967,805**	**₱4,310,277,468**
Additions	**19,806,769**	**21,547,517**	**1,685,252**	**1,631,579**	**15,854,732**	**–**	**60,525,849**
At June 30	**3,600,883,347**	**112,223,708**	**73,267,933**	**86,981,495**	**153,479,029**	**343,967,805**	**4,370,803,317**
Accumulated Depreciation and Amortization							
At January 1	**77,027,020**	**47,056,005**	**65,475,903**	**72,649,991**	**123,237,764**	**191,894,709**	**577,341,392**
Depreciation and amortization (Note 16)	**33,173,496**	**6,309,897**	**1,534,352**	**4,202,648**	**4,724,969**	**20,945,813**	**70,891,175**
At June 30	**110,200,516**	**53,365,902**	**67,010,255**	**76,852,639**	**127,962,733**	**212,840,522**	**648,232,567**
Net Book Value	**₱3,490,682,831**	**₱58,857,806**	**₱6,257,678**	**₱10,128,856**	**₱25,516,296**	**₱131,127,283**	**₱3,722,570,750**

	2023						
	Hotel Property	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Vehicles	Right- of- Use Assets (Building)	Total
Cost							
At January 1	₱3,429,238,935	₱52,652,606	₱67,356,635	₱80,425,265	₱126,643,761	₱244,943,365	₱4,001,260,567
Additions (Note 6)	151,837,643	38,023,585	4,226,046	4,924,651	10,980,536	99,024,440	309,016,901
At December 31	3,581,076,578	90,676,191	71,582,681	85,349,916	137,624,297	343,967,805	4,310,277,468
Accumulated Depreciation and Amortization							
At January 1	20,347,271	39,659,584	63,216,501	65,344,345	111,825,591	149,177,277	449,570,569
Depreciation and amortization (Note 16)	56,679,749	7,396,421	2,259,402	7,305,646	11,412,173	42,717,432	127,770,823
At December 31	77,027,020	47,056,005	65,475,903	72,649,991	123,237,764	191,894,709	577,341,392
Net Book Value	₱3,504,049,558	₱43,620,186	₱6,106,778	₱12,699,925	₱14,386,533	₱152,073,096	₱3,732,936,076

The Group’s hotel property pertains to the land and construction costs of Admiral Hotel. The carrying value of land included in the hotel property amounted to ₱340.75 million as at June 30, 2024 and December 31, 2023. Borrowings were used to finance the Group’s ongoing construction of hotel property. The related borrowing costs were capitalized as part of property and equipment. The average capitalization rate used to determine the borrowings eligible for capitalization is 7.96% in 2023. Total borrowing costs capitalized as part of hotel property amounted to nil, ₱16.38 million, ₱21.79 million and ₱98.80 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Note 12).

Additions in 2023 include transferred cost of ₱35.87 million related to the portion of Admiral Grandsuites allocated for the operation of Admiral Hotel. This constitutes significant noncash transaction in the consolidated statements of cash flows (see Note 6).

The Group’s transportation vehicles with a carrying value of ₱9.93 million and ₱6.77 million as at June 30, 2024 and December 31, 2023, respectively, were constituted as collateral under chattel mortgage to secure the Group’s vehicle financing arrangement with various financial institutions (see Note 12).

As at June 30, 2024 and December 31, 2023, the carrying amount of property and equipment used to secure the Group’s bank loans amounted to ₱3,490.68 million and ₱3,504.05 million, respectively (see Note 12).

9. Investment Properties

The movements in this account are as follows:

	2024				
	Commercial Projects		**Construction in Progress**		
	Land	**Building**	**Land**	**Building**	**Total**
Cost					
At January 1	**₱3,145,074,896**	**₱9,557,033,710**	**₱3,221,973,658**	**₱15,268,314**	**₱15,939,350,578**
Additions	–	**12,595,816**	**119,575,215**	**13,692,721**	**145,863,752**
At June 30	**3,145,074,896**	**9,569,629,526**	**3,341,548,873**	**28,961,035**	**16,085,214,330**
Accumulated Depreciation and Amortization					
At January 1	–	**1,502,740,071**	–	–	**1,502,740,071**
Depreciation and amortization (Note 16)	–	**148,252,889**	–	–	**148,252,889**
At June 30	–	**1,650,992,960**	–	–	**1,650,992,960**
Net Book Value	**₱3,145,074,896**	**₱7,918,636,566**	**₱3,341,548,873**	**₱28,961,035**	**₱14,434,221,370**

	2023					
	Commercial Projects		Construction in Progress		Right-Of-Use	
	Land	Building	Land	Building	Asset (Land)	Total
Cost						
At January 1	₱3,145,074,896	₱10,030,342,839	₱2,562,914,961	₱2,045,528,010	₱222,287,791	₱18,006,148,497
Additions	–	100,135,682	659,058,697	578,242,701	–	1,337,437,080
Deconsolidation of subsidiaries (Note 1)	–	(611,102,395)	–	(2,608,502,397)	(222,287,791)	(3,441,892,583)
Transfers (Note 6)	–	37,657,584	–	–	–	37,657,584
At December 31	3,145,074,896	9,557,033,710	3,221,973,658	15,268,314	–	15,939,350,578
Accumulated Depreciation and Amortization						
At January 1	–	1,349,945,170	–	–	51,051,740	1,400,996,910
Depreciation and amortization (Note 16)	–	316,061,810	–	–	8,508,624	324,570,434
Deconsolidation of subsidiaries (Note 1)	–	(163,266,909)	–	–	(59,560,364)	(222,827,273)
At December 31	–	1,502,740,071	–	–	–	1,502,740,071
Net Book Value	₱3,145,074,896	₱8,054,293,639	₱3,221,973,658	₱15,268,314	₱–	₱14,436,610,507

Borrowings were used to finance the Group's ongoing construction of investment properties. The related borrowing costs were capitalized as part of investment properties.

The average capitalization rate used to determine the borrowings eligible for capitalization ranges from 5.87% to 6.13% in 2024 and 6.99% to 7.96% in 2023. Total borrowing costs capitalized as part of investment properties amounted to ₱115.07 million, ₱62.83 million, ₱179.02 million and ₱349.73 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Note 12).

For the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, rental income from these investment properties amounted to ₱508.87 million, ₱603.14 million, ₱1,224.46 million and ₱1,093.09 million, respectively (see Note 22). Depreciation charged to operations for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022 amounted to ₱148.25 million, ₱168.90 million, ₱324.57 million and ₱246.56 million, respectively (see Note 16). Selling and administrative expenses, exclusive of depreciation, related to these investment properties amounted to ₱274.39 million, ₱250.39 million, ₱598.49 million and ₱463.19 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

The aggregate fair value of investment properties amounted to ₱30,645.25 million as at June 30, 2024, which were determined based on the most recent valuations performed by independent qualified appraisers. The appraisers are industry specialists in valuing these types of properties. The estimated fair value was determined using market data approach that considers the sale of similar or substitute properties and related market data. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value. The fair value measurement for the Group's investment properties has been categorized as Level 3 based on the inputs to the valuation techniques used.

As at June 30, 2024 and December 31, 2023, the carrying amount of investment properties used to secure the Group's bank loans amounted to ₱9,533.61 million and ₱9,709.23 million, respectively (see Note 12).

10. Other Noncurrent Assets

This account consists of:

	2024	2023
Deposits on real estate properties	**₱203,099,794**	₱57,390,800
Prepaid expenses (Note 7)	**130,475,992**	85,374,434
Utility and security deposits	**128,697,216**	127,714,145
Advances to contractors and suppliers (Note 7)	**124,385,120**	126,473,743
Construction bond deposits	**12,262,712**	12,262,712
Input VAT (Note 7)	**5,088,725**	5,492,780
Software and brand development costs	**1,277,408**	371,338
Others	**75,000**	75,000
	₱605,361,967	₱415,154,952

Deposits on real estate properties represent the Group's advance payments to real estate property owners for future property acquisitions and is expected to be recovered upon consummation of the purchase transactions.

Utility and security deposits pertain to the initial set-up of services rendered by public utility companies and other various long-term deposits necessary for the construction and development of real estate projects.

Construction bond deposits pertain to the bond for the Group's project developments.

Software costs pertains to the capitalizable costs incurred in the design and implementation of a system. Brand development costs, on the other hand, pertain to the marketing designs that binds the identity of the group of hotels. Amortization of software and brand development costs for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022 amounted to ₱0.33 million, ₱0.59 million, ₱1.06 million and ₱1.71 million, respectively (see Note 16).

11. **Accounts and Other Payables**

This account consists of:

	2024	2023
Trade payables:		
Payable to contractors and suppliers	**₱2,215,009,231**	₱2,137,593,133
Retention payable	**1,114,023,133**	1,043,393,003
Accrued expenses:		
Accrued commission	**493,188,405**	423,651,097
Accrued interest expense	**95,511,079**	91,798,623
Other accrued expenses	**33,093,715**	50,068,477
Rental deposit	**289,845,183**	302,779,765
Dividends payable	**69,333,400**	–
Other taxes payable	**51,638,792**	169,759,098
Liabilities for purchased land	**30,420,000**	30,420,000
Others	**81,777,656**	50,491,708
	4,473,840,594	4,299,954,904
Less noncurrent portion of:		
Retention payable	**689,593,395**	591,720,656
Accrued commission	**252,535,673**	170,173,273
Rental deposit	**217,298,930**	241,414,087
Liabilities for purchased land	**30,420,000**	30,420,000
	1,189,847,998	1,033,728,016
	₱3,283,992,596	₱3,266,226,888

Payable to contractors and suppliers are attributable to construction costs incurred but not yet paid as of reporting date. These are noninterest-bearing and are normally settled within 30 to 120 days.

Retention payable pertains to the portion of contractors' progress billings which are withheld and will be released after the satisfactory completion of the contractors' work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract arrangements.

Accrued commission pertains to the recognized liability to the marketing agents upon obtaining the contracts with the buyers, as required by PFRS 15. The related assets are recorded in prepaid expenses (see Notes 7 and 10).

Accrued interest expense pertains to the incurred but unpaid interest which is normally settled within one to three months.

Other accrued expenses pertains to accruals related to the unbilled goods and services already delivered or rendered to the Group.

Rental deposit consists of security deposits on lease and utility deposit payable.

Dividends payable pertain to cash dividend declared by the Parent Company to its stockholders (see Note 19).

Other taxes payable consists of taxes withheld by the Group from employees, contractors and suppliers, which are payable within one year.

Liabilities for purchased land pertain to outstanding payables for land acquisitions. These constitute significant noncash transactions in the consolidated statements of cash flows. These liabilities are noninterest-bearing.

Others consist of other non-trade payables and premium payable to SSS, Philhealth and Pag-ibig. These are normally settled within one year.

12. **Loans Payable**

This account consists of:

	Terms	**2024**	2023
Short-term bank loans	Within 1 year	**₱3,300,000,000**	₱1,550,000,000
Long-term loans:			
Bank loans	3 to 10 years	**19,280,145,740**	19,815,049,688
Receivable financing	1 to 7 years	**834,298,075**	311,891,418
Notes payable	5 years	**8,389,471**	7,354,869
		23,422,833,286	21,684,295,975
Less current portion		**6,712,208,371**	5,093,942,433
		₱16,710,624,915	₱16,590,353,542

<u>Short-term Bank Loans</u>
Short-term bank loans represent various secured promissory notes from local banks with annual interest rates of 6.50% to 6.95% and 6.75% to 7.13% as at June 30, 2024 and December 31, 2023, respectively. These loans are payable within one year from date of issuance.

These loans were secured with various properties owned by the Group which are located in Pasay City and Binondo, Manila. The aggregate carrying amount of these properties used as collateral amounted to ₱287.73 million and ₱408.84 million as at June 30, 2024 and December 31, 2023, respectively (see Notes 6 and 9).

<u>Long-term Loans</u>
Long-term bank loans
In December 2023, APC secured a seven-year loan facility amounting to ₱2,500.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,930.00 million and ₱1,690.00 million with 7.60% to 8.36% and 7.60% interest rate per annum as at June 30, 2024 and December 31, 2023, respectively.

In September 2023, PPDC secured a five-year loan facility amounting to ₱800.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱800.00 million and ₱400.00 million with 7.84% to 8.24% and 7.84% to 8.05% interest rate per annum as at June 30, 2024 and December 31, 2023, respectively.

In September 2023, APC restructured its 2018 loan facility with a bank, extending the maturity date until September 2029. As part of the restructuring, the facility amount increased by ₱1,600.00 million, resulting in a total facility amount of ₱6,265.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱800.00 million and ₱500.00 million as at June 30, 2024 and December 31, 2023, respectively, with interest rates ranging from 7.46% to 7.63% per annum.

In May 2022, PPDC secured a ten-year loan facility amounting to ₱2,500.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱2,375.00 million as at June 30, 2024 and December 31, 2023 with interest rates ranging from 7.16% to 8.29% interest rate per annum.

In May 2022, PPDC restructured its 2017 loan facility amounting to ₱3,700.00 million, extending the maturity date until December 21, 2026. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱3,240.54 million as at June 30, 2024 and December 31, 2023 with interest rate ranging from 7.01% to 8.07% per annum.

In February 2021, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱850.00 million and ₱1,000.00 million as at June 30, 2024 and December 31, 2023, respectively, with 4.86% interest rate per annum.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱990.00 million and ₱1,100.00 million as at June 30, 2024 and December 31, 2023, respectively, with 5.00% interest rate per annum.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,500.00 million. The facility is available in single drawdown. The outstanding balance of loan under this facility amounted to ₱1,398.75 million and ₱1,421.25 million as at June 30, 2024 and December 31, 2023, respectively, with 5.50% interest rate per annum.

In July 2020, GRIC secured a five-year loan facility from a local bank amounting to ₱450.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱430.00 million as at June 30, 2024 and December 31, 2023 with 4.25% interest rate per annum.

In June 2019, GRIC secured a seven-year loan facility from a local bank amounting to ₱1,150.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,075.00 million and ₱1,100.00 million with interest rates of 10.00% and 9.74% to 10.00% rate per annum as at June 30, 2024 and December 31, 2023, respectively.

In April 2019, GRIC secured a five-year loan facility from a local bank amounting to ₱1,040.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to nil and ₱800.00 million as at June 30, 2024 and December 31, 2023, respectively, with interest rates of 7.00% per annum.

In February 2019, APC secured a six-year and six-months loan facility from a local bank amounting to ₱1,970.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,820.00 million and ₱1,870.00 million as at June 30, 2024 and December 31, 2023, respectively, with interest rates ranging from 4.30% to 8.23% per annum.

In December 2018, GRIC secured three-year and five-year loan facilities from a local bank amounting to ₱1,620.00 million. The facilities are available in multiple drawdowns. The outstanding balance of loan under these facilities amounted to nil as at June 30, 2024 and December 31, 2023.

In December 2018, GRIC secured four-year and five-year loan facilities from a local bank amounting to ₱1,080.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to nil as at June 30, 2024 and December 31, 2023.

In December 2017, BEIC secured a seven-year loan facility from a local bank amounting to ₱450.00 million with 6.00% interest rate per annum. The outstanding balance of loan under this facility amounted to ₱427.50 million as at June 30, 2024 and December 31, 2023.

In December 2015, PPDC secured a 10-year loan facility from a local bank amounting to ₱4,100.00 million. The facility is available in multiple drawdowns with interest rates of 5.50% per annum for the first five years and 5.75% per annum thereafter. The outstanding balance of loan under this facility amounted to ₱3,280.00 million and ₱3,608.00 million as at June 30, 2024 and December 31, 2023, respectively.

Unamortized issuance costs deducted from the above-mentioned long-term bank loans at June 30, 2024 and December 31, 2023 amounted to ₱136.65 million and ₱147.24 million, respectively.

The rollforward analyses of unamortized debt discount and issuance costs on long-term bank loans as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Balance at beginning of period	**₱147,241,313**	₱80,870,038
Additions	**14,988,215**	101,761,523
Amortization	**(25,584,268)**	(35,390,248)
Balance at end of period	**₱136,645,260**	₱147,241,313

These term loans were secured with various land and buildings owned by the Group which are located in Pasay City, Binondo, Manila and Parañaque City, recorded under real estate for development and sale and investment properties. As at June 30, 2024 and December 31, 2023, these properties have an aggregate carrying value amounting to ₱22,837.57 million and ₱22,451.72 million, respectively (see Notes 6, 8 and 9).

Receivable financing
The loans payable on receivable financing as discussed in Note 5 arises from installment contracts receivable sold with recourse by the Group to various local banks with a total outstanding balance of ₱834.30 million and ₱311.89 million as at June 30, 2024 and December 31, 2023, respectively. These loans bear fixed interest rates ranging from 4.13% to 7.35% and 4.13% to 7.50% as at June 30, 2024 and December 31, 2023, respectively, payable on equal monthly installments for a period of 1 to 7 years depending on the terms of the installment contracts receivable.

Notes payable
Notes payable represents the car loans availed by the Group. Annual interest rates ranged from 4.20% to 4.72% as at June 30, 2024 and December 31, 2023. The Group's transportation vehicles with a carrying value of ₱9.93 million and ₱6.77 million as at June 30, 2024 and December 31, 2023, respectively, are held as collateral to secure the Group's notes payable (see Note 8).

Borrowing costs
Total borrowing costs arising from loans payable amounted to ₱793.86 million, ₱640.78 million, ₱1,348.67 million and ₱1,203.88 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

Total borrowing costs capitalized under real estate for development and sale, property and equipment and investment properties amounted to ₱189.19 million, ₱531.66 million, ₱1,128.15 million and ₱1,119.57 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively (see Notes 6, 8 and 9). Borrowing costs recognized in profit or loss under "Finance costs" in the consolidated statements of comprehensive income amounted to ₱604.67 million, ₱109.12 million, ₱220.52 million and ₱84.31 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

Total interest paid (including capitalized interest) for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022 amounted to ₱749.31 million, ₱624.05 million, ₱1,315.89 million and ₱1,205.59 million, respectively.

13. **Customers' Advances and Deposits**

This account consists of:

	2024	2023
Deposits from real estate buyers	**₱2,642,761,809**	₱2,679,636,741
Deposits from lessees	**304,438,387**	248,906,403
	2,947,200,196	2,928,543,144
Less noncurrent portion of deposits from lessees	**102,383,961**	133,666,792
	₱2,844,816,235	₱2,794,876,352

Deposits from real estate buyers
Deposits from real estate buyers includes excess of collections over the total recognized installment contracts receivable based on POC. These also includes collections from customers for which revenue recognition has not yet commenced. These deposits will be recognized as revenue in the consolidated statements of comprehensive income in accordance with the Group's revenue recognition policy.

Deposits from lessees
The Group requires some tenants to pay leasehold rights pertaining to the right to use the leased unit. Deposits from lessees also include advance rental collections that will be applied to rentals depending on the terms of the contract. These payments are recognized in the consolidated statements of comprehensive income as rental income on a straight-line basis over the lease term.

The rental income on leasehold rights amounted to ₱31.37 million, ₱31.33 million, ₱62.75 million and ₱63.50 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

14. Related Party Transactions

The Parent Company, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements. Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions (RPT) and balances were eliminated in the consolidated financial statements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

The Parent Company has an approval requirement such that material RPT shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements.

Key management compensation
The key management personnel of the Group include directors, executives and senior management. Compensation and benefits of key management personnel for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022 amounted to ₱29.60 million, ₱29.30 million, ₱78.66 million and ₱73.30 million.

15. Interest and Other Income - Net

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Interest income from:				
Amortization of discount (premium) on installment contracts receivable - net (Note 5)	**₱20,566,081**	₱120,856,078	₱230,981,837	₱238,953,679
Cash and cash equivalents (Note 4)	**733,722**	915,235	1,677,314	1,475,502
Note receivable (Note 5)	**20,502,906**	–	–	–
Gain on sale of subsidiaries (Note 1)	**–**	–	49,621,239	–
Other income	**196,401,462**	186,739,640	231,107,024	314,321,211
	₱238,204,171	₱308,510,953	₱513,387,414	₱554,750,392

Other income includes income from forfeitures from cancelled sales and leases, as well as penalties and other surcharges billed against defaulted installment contracts receivable, among others. Income from forfeitures mainly arises from cancellation of reservation fees, amortization payments, deposits and advance rentals net of recovered costs and the balances of buyers and tenants. Other income also includes administrative fees and expenses charged on account of the agents, service fees and other items considered as not material.

Other income from cancelled sales and lease contracts amounted to ₱88.47 million, ₱57.18 million, ₱59.55 million and ₱87.28 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

16. Costs and Expenses

Cost of real estate sales
Cost includes acquisition cost of land, construction costs and capitalized borrowing costs. Cost of real estate sales recognized for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022 amounted to ₱1,263.47 million, ₱1,608.71 million, ₱2,497.09 million and ₱2,311.91 million, respectively.

Cost of hotel operation

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022*
Food and beverage	**₱30,398,493**	₱28,071,423	₱61,007,540	₱38,029,323
Depreciation and amortization (Note 8)	**28,661,831**	17,923,877	50,652,430	13,453,322
Salaries, wages and employee benefits	**25,324,189**	23,399,692	49,232,200	19,497,499
Contracted services	**11,372,937**	8,661,511	20,051,226	10,339,066
Others	**15,229,750**	1,090,844	26,370,924	302,638
	₱110,987,200	₱79,147,347	₱207,314,320	₱81,621,848

** The commercial operation of Hotel started on July 1, 2022.*

Other costs of hotel operation includes cost of laundry, music and entertainment and operating supplies.

Selling and administrative expenses

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Depreciation and amortization (Notes 8, 9 and 10)	**₱190,817,217**	₱213,888,652	₱402,746,789	₱323,442,325
Sales and marketing	**184,777,978**	112,186,037	211,411,273	133,035,080
Salaries, wages and employee benefits (Notes 14 and 17)	**165,287,599**	158,313,888	301,177,354	271,955,490
Taxes and licenses	**90,009,983**	110,881,939	170,306,755	205,311,483
Outside services	**52,549,886**	60,144,060	100,233,123	88,113,708
Utilities	**36,913,611**	39,178,062	83,771,057	62,136,266
Membership dues	**36,421,550**	23,175,300	44,262,489	47,649,217
Professional fees	**26,070,610**	22,509,030	45,187,870	42,547,733
Repairs and maintenance	**10,147,768**	13,607,660	20,604,682	19,576,240
Insurance	**7,820,597**	10,119,484	20,324,739	16,065,085
Supplies	**5,875,867**	8,593,900	23,119,180	23,756,700
Representation and entertainment	**4,552,872**	2,805,483	5,074,467	12,537,815
Rental (Note 22)	**1,761,046**	4,016,804	6,191,511	5,646,390
Others	**1,823,522**	16,078,679	31,234,304	29,231,128
	₱814,830,106	₱795,498,978	₱1,465,645,593	₱1,281,004,660

17. Pension Plan

The Group has an unfunded, noncontributory defined benefit plan covering all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with RA No. 7641, *Retirement Pay Law*. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the retirement benefit obligation.

The components of the Group's pension costs (included in "Salaries, wages and employee benefits" under "Selling and administrative expenses" and in "Finance costs") are as follows:

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Current service cost	**₱4,149,414**	₱5,310,206	₱8,298,828	₱10,620,412
Interest cost on benefit obligation	**2,606,774**	2,349,364	4,698,729	3,723,910
	₱6,756,188	₱7,659,570	₱12,997,557	₱14,344,322

Movements in the present value of defined benefit obligations (DBO) as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Balance at beginning of period	**₱85,176,407**	₱64,561,682
Net benefit cost in profit or loss		
Current service cost	**4,149,414**	8,298,828
Interest cost	**2,606,774**	4,698,729
	6,756,188	12,997,557
Remeasurements in OCI		
Actuarial changes arising from experience adjustments	–	(1,569,032)
Actuarial changes arising from changes in financial assumptions	–	9,186,200
	–	7,617,168
Balance at end of period	**₱91,932,595**	₱85,176,407

The principal assumptions used to determine pension benefits of the Group are as follows:

Discount rate	6.12% to 6.14%
Salary increase rate	5.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The average duration of the DBO as of the reporting date is 7.70 to 10.40 years in 2024 and 2023.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions are held constant. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (decrease) in DBO	
Discount rates	+150 basis points	**(₱11,619,065)**
	-150 basis points	**14,579,176**
Future salary increases	+150 basis points	**14,520,867**
	-150 basis points	**(11,881,786)**

The maturity analysis of the undiscounted benefit payments follows:

Less than 1 year	₱5,724,655
More than 1 year to 2 years	639,632
More than 2 years to 4 years	3,817,977
More than 4 years	116,110,919

18. **Income Tax**

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Current:				
RCIT	**₱119,463,476**	₱136,157,705	₱242,294,891	₱121,538,490
MCIT	**–**	1,437,584	98,740	1,437,016
Final	**142,821**	181,014	329,749	296,355
	119,606,297	137,776,303	242,723,380	123,271,861
Deferred	**(12,489,992)**	(31,163,976)	(6,659,969)	49,629,510
	₱107,116,305	₱106,612,327	₱236,063,411	₱172,901,371

Details of NOLCO that can be claimed as deduction from future taxable profit and MCIT that can be claimed as tax credits against income tax liabilities are as follows:

<u>NOLCO</u>

Year Incurred	Beginning	Used/Expired	Balance	Expiry Year
2020	₱53,743,875	₱–	₱53,743,875	2025
2021	53,651,011	–	53,651,011	2026
2022	173,794,159	–	173,794,159	2025
2023	170,856,805	(2,325,161)	168,531,644	2026
2024	56,355,488	–	56,355,488	2027
	₱508,401,338	(₱2,325,161)	₱506,076,177	

The Group has incurred NOLCO in taxable years 2020 and 2021, which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

<u>MCIT</u>

Year Incurred	Beginning	Used/Expired	Balance	Expiry Year
2021	₱1,222	₱–	₱1,222	2024
2022	32,419	–	32,419	2025
2023	98,740	(48,664)	50,076	2026
	₱132,381	(₱48,664)	₱83,717	

Net deferred tax assets of the Group as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Deferred tax assets on:		
Difference between tax and book basis of accounting for real estate and leasing transactions	**₱109,782,566**	₱14,924,612
Lease liabilities	**101,448,648**	106,026,757
NOLCO	**74,170,757**	73,763,375
Pension liabilities recognized in profit or loss	**44,621,835**	42,932,787
Allowance on impairment losses	**4,300,838**	4,300,838
Commissions expense per books in excess of actual commissions paid	**2,326,774**	2,326,774
Unamortized discount on installment contracts receivable	**623,834**	803,168
MCIT	**78,995**	127,659
	337,354,247	245,205,970
Deferred tax liabilities on:		
Right-of-use assets	**32,585,355**	37,586,050
Pension liabilities recognized in OCI	**21,638,686**	21,638,686
Difference between tax and book basis of accounting for real estate and leasing transactions	**1,365,708**	1,245,664
Actual commissions paid in excess of commissions expense per books	**212,324**	212,324
Unamortized discount on loans payable	**48,802**	96,121
	55,850,875	60,778,845
	₱281,503,372	₱184,427,125

Net deferred tax liabilities of the Group as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Deferred tax assets on:		
Commissions expense per books in excess of actual commissions paid	**₱67,228,887**	₱57,888,818
Unamortized discount on installment contracts receivable	**64,857,136**	122,105,456
Difference between tax and book basis of accounting for real estate and leasing transactions	**37,872,878**	26,036,779
Lease liabilities	**204,565**	444,195
	170,163,466	206,475,248
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate and leasing transactions	**172,747,720**	523,856,434
Unamortized discount on loans payable	**34,112,513**	36,714,207
Actual commissions paid in excess of commissions expense per books	**2,622,323**	4,926,182
Right-of-use assets	**196,466**	432,224
	209,679,022	565,929,047
	₱39,515,556	₱359,453,799

The Group has deductible temporary differences for which deferred tax assets have not been recognized since management assessed that no sufficient taxable income is available in the future to allow all or part of deferred tax assets on certain temporary differences to be realized and/or utilized.

NOLCO and MCIT for which no deferred tax assets were recognized amounted to ₱209.40 million and ₱157.00 million as at June 30, 2024 and December 31, 2023, respectively.

Statutory reconciliation
The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%	25.00%
Tax effect of:				
Nondeductible expenses	**0.36**	0.49	0.12	0.67
Nontaxable income	–	–	(1.45)	–
Changes in unrecognized deferred tax assets	**3.03**	5.89	4.42	1.07
Interest income subject to final tax	**(0.01)**	(0.01)	(0.01)	(0.01)
Others	**(3.50)**	(5.99)	(0.53)	1.63
Effective income tax rate	**24.88%**	25.38%	27.55%	28.36%

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act
On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives system. It took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax laws pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25%. However, for entities with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is further reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Improperly accumulated earnings tax of 10% is repealed.

Applying the provisions of the CREATE Act, the Group have been subjected to the lower tax rate of 25% to 20% (itemized deduction) of taxable income. Lower tax rate of 1% MCIT of gross income effective July 1, 2020 until June 30, 2023. Starting July 1, 2023, MCIT rate was reverted back to 2% of gross income.

19. **Equity**

Capital Stock

The details of the Parent Company's capital stock which consists of common and preferred shares follow:

Common shares

Details of the Parent Company's common shares as at June 30, 2024 and December 31, 2023 are as follows:

Authorized shares	3,500,000,000
Par value per share	₱1.00
Issued and outstanding shares	1,040,001,000

On November 8, 2013, the Philippine SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each to ₱3.50 billion divided into 3.50 billion shares with par value of ₱1.00 each.

On June 15, 2012, the SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱1.00 billion divided into 1.00 billion shares with par value of ₱1.00 each to ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each.

On August 8, 2007, the Parent Company launched its Initial Public Offering where a total of 86,667,000 common shares were offered at an offering price of ₱8.93 per share. The registration statement was approved on July 30, 2007.

The Parent Company has 92 existing shareholders as at June 30, 2024 and December 31, 2023, respectively.

Preferred shares

The preferred shares are voting, nonparticipating, nonredeemable and are entitled to 8% cumulative dividends. Details of the Parent Company's preferred shares as at June 30, 2024 and December 31, 2023 are as follows:

Authorized shares	1,300,000,000
Par value per share	₱1.00
Issued and outstanding shares	346,667,000

On September 15, 2011, the Parent Company conducted stock rights offering of up to ₱346.67 million on the 8%, voting, preferred shares on a pre-emptive basis to holders of common shares of the Parent Company as of September 15, 2011 at an offer price of ₱1.00 per preferred share. Subsequently, on January 20, 2012, the SEC approved the increase in authorized capital stock relating to the creation of preferred shares.

Cash Dividends

On March 25, 2024, the Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.04 per issued and outstanding common share.

The record date is June 6, 2024 and dividends amounting to ₱69.33 million were paid on July 3, 2024.

On May 3, 2023, Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.03 per issued and outstanding common share.

The record date is June 11, 2023 and dividends amounting to ₱58.93 million were paid on June 16, 2023.

On April 21, 2022, the Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is June 17, 2022 and dividends amounting to ₱48.53 million were paid on June 28, 2022.

Retained Earnings

The Parent Company's retained earnings available for dividend distribution amounted to ₱1.26 billion and ₱1.29 billion as at June 30, 2024 and December 31, 2023, respectively. The undistributed and unappropriated earnings from subsidiaries amounting to ₱565.19 million and ₱491.77 million as at June 30, 2024 and December 31, 2023, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

On March 25, 2024, appropriated retained earnings for the project development of Copeton Baysuites, Cornell Parksuites, 202 Peaklane and 8 Alonzo amounting to ₱400.00 million, ₱200.00 million, ₱300.00 million and ₱50.00 million, respectively, were released from appropriations.

On December 19, 2023, retained earnings amounting to ₱50.00 million, ₱150.00 million and ₱0.90 million were appropriated for the project development of One Legacy Grandsuites and One Financial Center and for the expansion of operation of MPMC, respectively. These appropriations are expected to be released on or before December 31, 2025 and 2026. The BOD also approved the extension of release of the 2016 retained earnings amounting to ₱750.00 million for operations of The Centrium on or before December 31, 2025. Appropriated retained earnings for the expansion of MPMHC operation amounting to ₱1.50 million was released from appropriation in 2023.

On December 16, 2022, retained earnings amounting to ₱1,000.00 million, ₱200.00 million, ₱400.00 million, ₱100.00 million, ₱50.00 million and ₱1.00 million were appropriated for the project investment and working capital support of Admiral Hotel and the project development of the Panorama Manila, Copeton Baysuites, One Financial Center and One Legacy projects and for the expansion of operation of MPMHC, respectively. These appropriations are expected to be released on or before December 31, 2025, 2026 and 2027. The BOD also approved the extension of release of the 2017, 2018 and 2019 retained earnings amounting to ₱1,500.00 million, ₱100.00 million and ₱50.00 million for Copeton Baysuites, Admiral Hotel and 8 Alonzo, respectively, on or before December 31, 2025.

On March 18, 2022, appropriated retained earnings for the project development of The Centrium amounting to ₱450.00 million was released from appropriation.

On December 20, 2021, the BOD approved the appropriation of retained earnings amounting to ₱400.00 million and ₱150.00 million for the project development of Copeton Baysuites and One Legacy, respectively. These appropriations are expected to be released on or before December 31, 2024 and December 31, 2026, respectively. Appropriated retained earnings for the project development of 8 Alonzo amounting to ₱50.00 million in 2017 was released from appropriation in 2021.

In 2021, the Group acquired MPMHC with appropriated retained earnings of ₱1.20 million as at December 31, 2021. These appropriated retained earnings have been set aside for future expansion of operations within the next five years.

On November 26, 2020, ₱100.00 million out of ₱400.00 million appropriated retained earnings for Cosmo Suites was released and the remaining ₱300.00 million was extended on or before December 31, 2026.

On December 10, 2020, ₱300.00 million and ₱100.00 million appropriated retained earnings for 202 Peaklane and 8 Alonzo, respectively were extended for release on or before December 31, 2024.

On December 10, 2019, retained earnings amounting to ₱650.00 million, ₱300.00 million, ₱200.00 million, ₱150.00 million and ₱70.00 million were appropriated for the project development of the Panorama Manila, Copeton Baysuites, Cornell Parksuites, One Financial Center and One Legacy projects, respectively. These appropriations are expected to be released on December 31, 2023, 2025 and 2026. Appropriated retained earnings for the development of Admiral Hotel working capital amounting to ₱200.00 million was released from appropriation in 2019. Extension of release of the 2018, 2016 and 2015 retained earnings amounting to ₱1,200.00 million, ₱750.00 million and ₱450.00 million for Copeton Baysuites and The Centrium, respectively, on or before December 31, 2023.

In 2018, retained earnings amounting to ₱100.00 million and ₱50.00 million were appropriated for the project development of hotel projects and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023.

In 2017, retained earnings amounting to ₱1,200.00 million, ₱400.00 million and ₱50.00 million were appropriated for the project development of Copeton Baysuites, Cosmo Suites, and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023. Further, the 2014 appropriation for Admiral Hotel amounting to ₱200.00 million was extended for release until 2019.

In 2016, retained earnings amounting to ₱750.00 million and ₱250.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020 and 2021, respectively.

In 2015, retained earnings amounting to ₱450.00 million and ₱50.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020.

Capital Management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following table shows the components of what the Group considers its capital as at June 30, 2024 and December 31, 2023:

	2024	2023
Capital stock:		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings	**6,702,468,823**	7,661,960,247
	₱8,721,824,107	₱9,681,315,531

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes accounts and other payables, interest-bearing loans and borrowings, and customers' advances and deposits, less cash and cash equivalents. Capital pertains to equity attributable to the equity holders of the parent, excluding OCI.

	2024	2023
Accounts and other payables	**₱4,473,840,594**	₱4,299,954,904
Lease liabilities	**134,674,501**	153,587,016
Loans payable	**23,422,833,286**	21,684,295,975
Customers' advances and deposits	**2,947,200,196**	2,928,543,144
	30,978,548,577	29,066,381,039
Less cash and cash equivalents	**(1,433,512,412)**	(1,164,633,504)
Net debt	**29,545,036,165**	27,901,747,535
Capital (excluding OCI)	**8,721,824,107**	9,681,315,531
Total capital and net debt	**₱38,266,860,272**	₱37,583,063,066
Gearing ratio	**77%**	74%

No changes were made in the Group's objectives, policies or processes during the six-month period ended June 30, 2024 and year for the ended December 31, 2023.

20. **Financial Instruments**

Fair Value Information

The carrying amounts of the Group's financial assets (i.e., cash and cash equivalents, due from condominium associations, other receivables, and deposits) and financial liabilities (i.e., accounts and other payables and loans payable) approximate their fair values either due to their short-term maturities or re-pricing features of the interest they carry except for the following financial assets as at June 30, 2024 and December 31, 2023:

	2024		2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Installment contracts receivable	**₱1,890,862,353**	**₱1,869,145,432**	₱2,349,040,767	₱2,297,323,288
Note receivable	**486,534,474**	**514,684,380**	521,137,826	553,925,096
	₱2,377,396,827	**₱2,383,829,812**	₱2,870,178,593	₱2,851,248,384

Financial assets

The fair value of installment contracts receivable and note receivable, which is based on the level 3 valuation technique, is computed using discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date based on the remaining terms to maturity. The discount rates used ranged from 5.45% to 6.85% and 5.12% to 6.00% as at June 30, 2024 and December 31, 2023, respectively, for installment contracts receivable. Note receivable used discount rates ranging from 5.06% to 6.04% and 5.12% to 5.97% as at June 30, 2024 and December 31, 2023, respectively. By using the discounted value of future cash flows, a higher interest rate would yield a lower fair value.

Fair Value Hierarchy

The Group has no financial instruments carried at fair value as at June 30, 2024 and December 31, 2023.

There were no assets or liabilities whose fair value is disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, deposits, accounts and other payables, and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations.

The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The exposures to these risks and how they arise, as well as the Group's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The BOD reviews and agrees on policies for managing each of these risks.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Group manages liquidity risk to ensure the continuity of operations and to maintain financial flexibility. The Group's strategy includes proactive approach to cash flow management, whereby the Group conducts comprehensive cash flow forecasting exercises to assess its cash position, debt maturity profile, and overall liquidity position.

In line with this objective, the Group maintains a prudent level of financial assets, carefully planned to finance its ongoing operations and to mitigate the impact of potential cash flow fluctuations. Furthermore, the Group actively manages its capital expenditures, operating expenses, and working capital requirements to ensure they are adequately funded through a combination of cash collections and utilization of available undrawn credit facilities. These liquidity buffers serve as safeguards against unforeseen events or disruptions in cash inflows. The Group also conducts regular reviews of its financial liabilities, obligations, and bank loans maturity profile to ensure the availability of funding through an appropriate mix of credit facilities with financial institutions.

The Group's approach to liquidity risk management, supported by strategic cash flow forecasting and conservative financial practices, maintains the Group's financial stability. By closely monitoring these factors, the Group mitigates potential liquidity risks and optimizes its financial structure while ensuring operational continuity.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at June 30, 2024 and December 31, 2023:

	2024			
	Within 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Accounts and other payables:				
Payable to contractors and suppliers	**₱2,215,009,231**	**₱–**	**₱–**	**₱2,215,009,231**
Retention payable	**424,429,738**	**689,593,395**	**–**	**1,114,023,133**
Accrued expenses*	**278,426,737**	**138,585,106**	**–**	**417,011,843**
Rental deposits	**72,546,253**	**215,297,457**	**2,001,473**	**289,845,183**
Dividend payable	**69,333,400**	**–**	**–**	**69,333,400**
Others**	**78,411,834**	**–**	**–**	**78,411,834**
Lease liabilities***	**48,170,138**	**102,962,941**	**–**	**151,133,079**
Loans payable***	**8,127,938,604**	**15,800,717,265**	**4,333,304,639**	**28,261,960,508**
Total Financial Liabilities	**₱11,314,265,935**	**₱16,947,156,164**	**₱4,335,306,112**	**₱32,596,728,211**

**Excludes cost to obtain new contracts*
*******Others exclude statutory payables*
****Includes future interest payment*

	2023			
	Within 1 year	1 to 5 years	More than 5 years	Total
Accounts and other payables:				
Payable to contractors and suppliers	₱2,137,593,133	₱–	₱–	₱2,137,593,133
Retention payable	451,672,347	591,720,656	–	1,043,393,003
Accrued expenses*	290,734,703	97,868,432	–	388,603,135
Rental deposits	61,365,678	239,412,614	2,001,473	302,779,765
Others**	47,510,914	–	–	47,510,914
Lease liabilities***	48,028,890	126,829,091	–	174,857,981
Loans payable***	6,473,642,037	16,432,657,454	3,939,791,363	26,846,090,854
Total Financial Liabilities	₱9,510,547,702	₱17,488,488,247	₱3,941,792,836	₱30,940,828,785

**Excludes cost to obtain new contracts*
*******Others exclude statutory payables*
****Includes future interest payment*

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risks are primarily attributable to installment contracts receivable, rental receivable and other financial assets. The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to a manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management unit conducts a credit investigation and evaluation of each buyer to establish creditworthiness.

Installment Contracts Receivable - Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject condominium units in case of refusal by the buyer to pay the due installment contracts receivable on time. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

Rental Receivable – Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are being aged and analyzed on a continuous basis to minimize credit risk.

Note Receivable –The credit risk pertaining to the note receivable is mitigated through collateralization facilitated by the Memorandum of Agreement between ALHI and GPVI on September 28, 2023. Pursuant to the terms outlined in the agreement, a building situated in Parañaque City, with a total floor area of approximately 20,744 square meters, is designated as collateral. In the event of non-payment for three consecutive quarterly amortizations, the borrower is obligated to assign to the Group the ownership of the collateralized building, along with the accompanying lease right over the land where the building is constructed. This collateral arrangement serves as a safeguard against potential default scenarios.

Other financial assets – comprise of cash and cash equivalents, excluding cash on hand. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available credit ratings. Given the high credit rating of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

As at June 30, 2024 and December 31, 2023, the Group's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements follows:

	2024	2023
Cash in banks and cash equivalents	**₱1,432,482,912**	₱1,163,312,004
Receivables and contract assets:		
Installment contracts receivable	**1,890,862,353**	2,349,040,767
Note receivable	**486,534,474**	521,137,826
Rental receivable	**184,449,817**	245,696,958
Due from condominium associations	**36,453,865**	30,684,921
Others	**46,770,451**	55,138,791
Deposits	**159,331,081**	158,274,225
	₱4,236,884,953	₱4,523,285,492

The subjected condominium units for sale are held as collateral for all installment contracts receivable. The maximum exposure to credit risk, before considering credit enhancement, from the Group's installment contracts receivable amounted to ₱1,890.86 million and ₱2,349.04 million as at June 30, 2024 and December 31, 2023, respectively. The fair value of the related collaterals amounted to ₱10,168.08 million, and ₱11,339.62 million as at June 30, 2024 and December 31, 2023, respectively, resulting to zero net exposure amounts as at June 30, 2024 and December 31, 2023. The basis for the fair value of the collaterals is the current selling price of the condominium units.

The collections of advance rentals and security deposits amounted to ₱594.28 million and ₱551.69 million as at June 30, 2024 and December 31, 2023, respectively, were higher than rental receivable resulting to zero net exposure as at June 30, 2024 and December 31, 2023.

The maximum exposure to credit risk from the Group's note receivable amounted to ₱486.53 million and ₱521.14 million as at June 30, 2024 and December 31, 2023, respectively, before consideration of the credit enhancement. After consideration of the fair value of the related collateral amounting to ₱1,223.58 million and ₱1,372.00 million as at June 30, 2024 and December 31, 2023, respectively, the net exposure amounts resulted to zero. The basis for the fair value of the collateral is latest appraisal valuation report.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As at June 30, 2024 and December 31, 2023, the credit quality per class of financial assets are as follows:

	2024			
	Neither Past Due nor Impaired			
	Grade A	**Past Due But Not Impaired**	**Individually Impaired**	**Total**
Cash in banks and cash equivalents	**₱1,432,482,912**	**₱–**	**₱–**	**₱1,432,482,912**
Receivables:				
Installment contracts receivable	**1,870,731,276**	**20,131,077**	**–**	**1,890,862,353**
Note receivable	**486,534,474**	**–**	**–**	**486,534,474**
Rental receivable	**174,369,651**	**10,080,166**	**–**	**184,449,817**
Due from condominium associations	**36,453,865**	**–**	**–**	**36,453,865**
Others	**36,106,793**	**10,663,658**	**17,203,351**	**63,973,802**
Deposits	**159,331,081**	**–**	**–**	**159,331,081**
Total	**₱4,196,010,052**	**₱40,874,901**	**₱17,203,351**	**₱4,254,088,304**

	2023			
	Neither Past Due nor Impaired			
	Grade A	Past Due But Not Impaired	Individually Impaired	Total
Cash in banks and cash equivalents	₱1,163,312,004	₱–	₱–	₱1,163,312,004
Receivables:				
Installment contracts receivable	2,326,713,089	22,327,678	–	2,349,040,767
Note receivable	521,137,826	–	–	521,137,826
Rental receivable	229,038,887	16,658,071	–	245,696,958
Due from condominium associations	30,684,921	–	–	30,684,921
Others	41,454,229	13,684,562	17,203,351	72,342,142
Deposits	158,274,225	–	–	158,274,225
Total	₱4,470,615,181	₱52,670,311	₱17,203,351	₱4,540,488,843

The credit quality of the financial assets and contract assets was determined as follows:

Cash in banks and cash equivalents are considered Grade A due to the counterparties' low probability of insolvency. The Group transacts only with institutions or banks which have demonstrated financial soundness for several years.

Grade A installment contracts receivable are considered to be of high value where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms. The Group assessed that there are no financial assets that will fall under this category as the Group transacts with recognized third parties.

Rental receivable, due from condominium associations, note receivable, other receivables and deposits are considered as Grade A. The credit quality rating of Grade A pertains to receivables with no defaults in payment. The Group determines financial assets as impaired when the probability of recoverability is remote and in consideration of the lapse in the period which the asset is expected to be recovered. As at June 30, 2024 and December 31, 2023, the aging analysis of the Group's past due but not impaired installment contracts receivable, rental receivable, note receivable and other receivables follows:

	Neither Past due nor impaired	Past due but not impaired						Impaired	Total
		30 days	30-60 days	61-90 days	More than 90 days	Total			
2024									
Installment contracts receivable	**₱1,870,731,276**	**₱2,923,915**	**₱3,814,940**	**₱2,143,770**	**₱11,248,452**	**₱20,131,077**		**₱–**	**₱1,890,862,353**
Rental receivable	**174,369,651**	**3,393,628**	**1,221,892**	**729,775**	**4,734,871**	**10,080,166**		–	**184,449,817**
Note receivable	**486,534,474**	**–**	**–**	**–**	**–**	**–**		**–**	**486,534,474**
Other receivables	**36,106,793**	**9,304,811**	**430,695**	**534,676**	**393,476**	**10,663,658**		**17,203,351**	**63,973,802**
2023									
Installment contracts receivable	₱2,326,713,089	₱4,109,342	₱1,880,194	₱448,956	₱15,889,186	₱22,327,678		₱–	₱2,349,040,767
Rental receivable	229,038,887	4,864,422	2,968,708	1,085,308	7,739,633	16,658,071		–	245,696,958
Note receivable	521,137,826	–	–	–	–	–		–	521,137,826
Other receivables	41,454,229	11,148,447	1,894,754	263,740	377,621	13,684,562		17,203,351	72,342,142

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The table below demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on June 30, 2024 and December 31, 2023, with all variables held constant (through the impact on floating rate borrowings):

	Effect on income before income tax			
	Increase (decrease)			
	June 30, 2024		December 31, 2023	
Change in basis points	**+ 100 basis points**	**-100 basis points**	+ 100 basis points	-100 basis points
Floating rate borrowings*	**(₱52.09)**	**₱52.09**	(₱37.12)	₱37.12

**in millions*

21. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The Group considers the following as its reportable segments:

- Condominium sales - development of high-end condominium units for sale to third parties
- Leasing - commercial units and shopping centers for lease to third parties

- Property management - facilities management and consultancy services covering condominium and building administration
- Hotel operation - management of hotel business operations

The Chief Executive Officer (CEO) has been identified as the chief operating decision-maker (CODM). The CODM reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report results based on geographical segments because the Group operates only in the Philippines.

The CEO separately monitors the operating results of the Group's business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The financial information about the operations of the reportable segments:

	Six-month period ended June 30, 2024					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	**₱2,283,927,936**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,283,927,936**
Rental income	–	**598,864,266**	–	–	**(89,996,657)**	**508,867,609**
Management fee	–	–	**35,219,679**	–	**(11,331,394)**	**23,888,285**
Hotel operation	–	–	–	**166,506,872**	–	**166,506,872**
Interest and other income	**166,182,331**	**70,759,043**	**46,172**	**1,216,625**	–	**238,204,171**
	2,450,110,267	**669,623,309**	**35,265,851**	**167,723,497**	**(101,328,051)**	**3,221,394,873**
COSTS AND EXPENSES						
Cost of condominium units	**₱1,263,473,146**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,263,473,146**
Hotel operation	–	–	–	**110,987,200**	–	**110,987,200**
Selling and administrative	**361,675,648**	**422,644,598**	**29,178,978**	**102,658,933**	**(101,328,051)**	**814,830,106**
	1,625,148,794	**422,644,598**	**29,178,978**	**213,646,133**	**(101,328,051)**	**2,189,290,452**
Earnings before interest and taxes	**824,961,473**	**246,978,711**	**6,086,873**	**(45,922,636)**	–	**1,032,104,421**
Finance costs	**534,989,009**	**66,453,517**	**115,640**	**14,482**	–	**601,572,648**
Income (loss) before tax	**₱289,972,464**	**₱180,525,194**	**₱5,971,233**	**(₱45,937,118)**	–	**₱430,531,773**

	As at June 30, 2024					
	Condominium Sales	**Leasing**	**Property Management**	**Hotel operation**	**Intersegment Eliminating Adjustments**	**Total**
ASSETS						
Cash and cash equivalents	**₱1,193,869,164**	**₱175,074,962**	**₱14,860,489**	**₱49,707,797**	**₱–**	**₱1,433,512,412**
Receivables	**2,483,643,118**	**179,660,462**	**12,979,827**	**14,512,913**	**(6,085,564)**	**2,684,710,756**
Real estate for development and sale	**14,569,453,039**	**–**	**–**	**–**	**–**	**14,569,453,039**
Other current assets	**2,081,353,232**	**152,436,912**	**11,899,445**	**39,225,777**	**–**	**2,284,915,366**
Property and equipment	**228,434,285**	**39,809**	**56,813**	**3,494,039,843**	**–**	**3,722,570,750**
Investment properties	**–**	**14,434,221,370**	**–**	**–**	**–**	**14,434,221,370**
Other noncurrent assets	**250,506,550**	**350,036,015**	**39,509**	**4,779,893**	**–**	**605,361,967**
	₱20,807,259,388	**₱15,291,469,530**	**₱39,836,083**	**₱3,602,266,223**	**(₱6,085,564)**	**₱39,734,745,660**
LIABILITIES						
Accounts and other payables	**₱3,896,161,107**	**₱526,505,008**	**₱5,245,415**	**₱52,014,628**	**(₱6,085,564)**	**₱4,473,840,594**
Lease liabilities	**134,674,501**	**–**	**–**	**–**	**–**	**134,674,501**
Customers' advances and deposits	**2,633,140,904**	**304,438,387**	**1,367,165**	**8,253,740**	**–**	**2,947,200,196**
Loans payable	**17,292,728,558**	**6,130,104,728**	**–**	**–**	**–**	**23,422,833,286**
	₱23,956,705,070	**₱6,961,048,123**	**₱6,612,580**	**₱60,268,368**	**(₱6,085,564)**	**₱30,978,548,577**

	Six-month period ended June 30, 2023					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
REVENUE						
Real estate sales	₱1,969,509,531	₱–	₱–	₱–	₱–	₱1,969,509,531
Rental income	–	689,965,268	–	–	(86,820,862)	603,144,406
Management fee	–	–	29,799,231	–	(9,998,282)	19,800,949
Hotel operation	–	–	–	127,077,146	–	127,077,146
Interest and other income	239,175,512	68,405,187	372,786	557,468	–	308,510,953
	2,208,685,043	758,370,455	30,172,017	127,634,614	(96,819,144)	3,028,042,985
COSTS AND EXPENSES						
Cost of condominium units	₱1,608,709,178	₱–	₱–	₱–	₱–	₱1,608,709,178
Hotel operation	–	–	–	79,147,347	–	79,147,347
Selling and administrative	331,244,239	419,289,301	26,245,326	115,539,256	(96,819,144)	795,498,978
	1,939,953,417	419,289,301	26,245,326	194,686,603	(96,819,144)	2,483,355,503
Earnings before interest and taxes	268,731,626	339,081,154	3,926,691	(67,051,989)	–	544,687,482
Finance costs	54,838,216	69,649,687	135,248	–	–	124,623,151
Income (loss) before tax	₱213,893,410	₱269,431,467	₱3,791,443	(₱67,051,989)	₱–	₱420,064,331

	As at December 31, 2023					
	Condominium Sales	Leasing	Property Management	Hotel operation	Intersegment Eliminating Adjustments	Total
ASSETS						
Cash and cash equivalents	₱839,599,630	₱240,268,841	₱16,262,030	₱68,503,003	₱–	₱1,164,633,504
Receivables	2,438,435,267	774,688,580	14,814,198	20,376,591	(7,960,764)	3,240,353,872
Real estate for development and sale	13,918,637,688	–	–	–	–	13,918,637,688
Other current assets	2,071,798,121	259,749,372	10,839,524	43,334,751	–	2,385,721,768
Property and equipment	227,177,913	51,968	–	3,505,706,195	–	3,732,936,076
Investment properties	–	14,436,610,507	–	–	–	14,436,610,507
Other noncurrent assets	212,141,283	202,857,682	–	155,987	–	415,154,952
	₱19,707,789,902	₱15,914,226,950	₱41,915,752	₱3,638,076,527	(₱7,960,764)	₱39,294,048,367
LIABILITIES						
Accounts and other payables	₱3,715,592,108	₱528,691,284	₱ 6,830,972	₱56,801,304	(₱7,960,764)	₱4,299,954,904
Lease liabilities	153,587,016	–	–	–	–	153,587,016
Customers' advances and deposits	2,668,205,341	248,906,403	10,085,460	1,345,940	–	2,928,543,144
Loans payable	15,368,150,322	6,316,145,653	–	–	–	21,684,295,975
	₱21,905,534,787	₱7,093,743,340	₱16,916,432	₱58,147,244	(₱7,960,764)	₱29,066,381,039

Intercompany revenue amounted to ₱101.32 million, ₱96.82 million, ₱200.85 million and ₱146.15 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

Capital expenditures with an aggregate amount of ₱2,563.91 million, ₱3,356.28 million, ₱6,250.10 million and ₱6,070.55 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively, consists of condominium project costs, construction and acquisition cost of investment properties and hotel property, and land acquisitions costs.

<u>Disaggregation of Revenue Information</u>
The Group derives revenue from the transfer of goods and services over time and at a point in time, in different revenue streams and geographical location within the Philippines. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales and service income

a. Major revenue streams

   Real estate sale pertains only to the sale of high-rise condominium units. This sale is revenue from contract with customer recognized over time and generated in the Luzon and Mindanao area.

   Rental income is mainly derived from rental of malls, warehouse spaces and other commercial facilities.

   Management fee, which is recognized over time, represents the service fee for administering the condominiums.

   Hotel operation pertains to room rentals, food and beverage sales, and other ancillary services.

Set out below is the reconciliation of contracts with customers with the amounts disclosed above:

	Six-month period ended June 30, 2024				
	Condominium Sales	**Leasing**	**Hotel operation**	**Property Management**	**Total**
Sales to external customers	**₱2,283,927,936**	**₱508,867,609**	**₱166,506,872**	**₱23,888,285**	**₱2,983,190,702**
Inter-segment sales	**–**	**89,996,657**	**–**	**11,331,394**	**101,328,051**
Total	**2,283,927,936**	**598,864,266**	**166,506,872**	**35,219,679**	**3,084,518,753**
Inter-segment eliminations	**–**	**(89,996,657)**	**–**	**(11,331,394)**	**(101,328,051)**
Total revenue from contract with customers	**₱2,283,927,936**	**₱508,867,609**	**₱166,506,872**	**₱23,888,285**	**₱2,983,190,702**

	Six-month period ended June 30, 2023				
	Condominium Sales	Leasing	Hotel operation	Property Management	Total
Sales to external customers	₱1,969,509,531	₱603,144,406	₱127,077,146	₱19,800,949	₱2,719,532,032
Inter-segment sales	–	86,820,862	–	9,998,282	96,819,144
Total	1,969,509,531	689,965,268	127,077,146	29,799,231	2,816,351,176
Inter-segment eliminations	–	(86,820,862)	–	(9,998,282)	(96,819,144)
Total revenue from contract with customers	₱1,969,509,531	₱603,144,406	₱127,077,146	₱19,800,949	₱2,719,532,032

	For the year ended December 31, 2023				
	Condominium Sales	Leasing	Hotel operation	Property Management	Total
Sales to external customers	₱3,203,854,980	₱1,224,463,522	₱291,925,750	₱42,849,291	₱4,763,093,543
Inter-segment sales	–	179,348,728	–	21,503,795	200,852,523
Total	3,203,854,980	1,403,812,250	291,925,750	64,353,086	4,963,946,066
Inter-segment eliminations	–	(179,348,728)	–	(21,503,795)	(200,852,523)
Total revenue from contract with customers	₱3,203,854,980	₱1,224,463,522	₱291,925,750	₱42,849,291	₱4,763,093,543

	For the year ended December 31, 2022				
	Condominium Sales	Leasing	Hotel operation	Property Management	Total
Sales to external customers	₱2,717,699,078	₱1,093,091,951	₱79,784,426	₱34,702,625	₱3,925,278,080
Inter-segment sales	–	119,680,271	–	26,474,366	146,154,637
Total	2,717,699,078	1,212,772,222	79,784,426	61,176,991	4,071,432,717
Inter-segment eliminations	–	(119,680,271)	–	(26,474,366)	(146,154,637)
Total revenue from contract with customers	₱2,717,699,078	₱1,093,091,951	₱79,784,426	₱34,702,625	₱3,925,278,080

Hotel operation

Disaggregation of each source of revenue from contracts with customers is presented below:

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022*
Food and beverage	**₱92,287,080**	₱52,422,674	₱164,808,754	₱51,521,120
Room accommodation	**69,882,661**	71,561,590	120,596,583	27,371,727
Others	**4,337,131**	3,092,882	6,520,413	891,579
	₱166,506,872	₱127,077,146	₱291,925,750	₱79,784,426

** The commercial operation of Hotel started on July 1, 2022.*

The Group recognizes revenue from room accommodation and services of other operating department of the hotel over time while revenue from sale of food and beverage, souvenirs and others are recognized at a point in time.

The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

The amount of revenue recognized that were included in the contract liabilities at the beginning of the year amounted to ₱584.28 million, ₱436.32 million, ₱1,486.95 million and ₱956.54 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
Within one year	**₱4,229,945,589**	₱3,506,462,550
More than one year	**2,562,379,556**	1,748,843,043
	₱6,792,325,145	₱5,255,305,593

The remaining performance obligations are expected to be recognized through continuous development of the Group's real estate for development and sale projects.

22. **Commitments**

Lease Commitments

Leases - Group as Lessor
The Group entered into noncancellable lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental on the Group's warehouse, commercial units, and office spaces. Rent income amounted to ₱508.87 million, ₱603.14 million, ₱1,224.46 million and ₱1,093.09 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively. Interest expense relating to the accretion of security deposit payable amounted to ₱1.26 million, ₱1.23 million, ₱2.47 million and ₱2.41 million for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022, respectively.

Future minimum rental receivable under the noncancellable operating lease as at June 30, 2024 and December 31, 2023 are as follows:

	2024	2023
One year	**₱667,058,043**	₱887,881,152
After one year but not beyond five years	**595,844,623**	1,535,491,189
Beyond five years	**54,287,267**	60,187,634
	₱1,317,189,933	₱2,483,559,975

Leases - Group as Lessee
The Group has entered into noncancellable lease agreements for the rental of its offices and showroom for a period of one to five years and exhibit booths for a period of one to three months. The lease is renewable upon mutual consent of the contracting parties.

The following are the amounts recognized in consolidated statements of comprehensive income:

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Amortization expense of right-of-use assets (Notes 8 and 9)	**₱20,945,813**	₱28,149,825	₱51,226,056	₱58,506,415
Interest expense on lease liabilities	**4,812,387**	12,000,162	20,549,954	22,233,597
Rental expense (Note 16)	**1,859,207**	4,016,804	6,191,511	5,646,390
Total	**₱27,617,407**	₱44,166,791	₱77,967,521	₱86,386,402

Rental expense recognized pertains to lease agreements related to short-term leases and leases of low-value assets.

The movements in the lease liabilities as at June 30, 2024 and December 31, 2023 are presented below:

	2024	2023
Beginning balance	**₱153,587,016**	₱340,104,664
Additions	**–**	99,024,440
Interest expense	**4,812,387**	20,549,954
Payments	**(23,724,902)**	(69,773,839)
Deconsolidation of a subsidiary (Note 1)	**–**	(236,318,203)
	134,674,501	153,587,016
Less noncurrent portion of lease liabilities	**94,429,104**	114,659,165
	₱40,245,397	₱38,927,851

The Group has certain lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business need. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments as at June 30, 2024 and December 31, 2023, relating to period following the exercise date of extension options that are not included in the lease term:

	2024	2023
Less than one year	**₱995,181**	₱–
After one year but not more than five years	**95,215,705**	69,682,126
More than five years	**172,891,582**	199,420,342
	₱269,102,468	₱269,102,468

Shown below is the maturity analysis of the undiscounted lease payments:

	2024	2023
Less than one year	**₱48,170,138**	₱48,028,890
After one year but not more than five years	**102,962,941**	126,829,091
	₱151,133,079	₱174,857,981

23. Earnings Per Share

Basic/diluted EPS amounts attributable to equity holders of the Parent Company for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022 follow:

	Six-month periods ended June 30		Years ended December 31	
	2024	2023	2023	2022
Net income attributable to equity holders of Anchor Land Holdings, Inc.	**₱323,415,468**	₱316,844,176	₱623,729,936	₱517,547,353
Less dividends on preferred shares (Note 19)	**13,866,680**	13,866,680	27,733,360	27,733,360
Net income attributable to equity holders of Anchor Land Holdings, Inc. for basic and diluted EPS	**309,548,788**	302,977,496	595,996,576	489,813,993
Weighted average number of common shares for basic and diluted EPS	**1,040,001,000**	1,040,001,000	1,040,001,000	1,040,001,000
Basic/diluted EPS	**₱0.30**	₱0.29	₱0.57	₱0.47

The Parent Company does not have potentially dilutive common shares for the six-month periods ended June 30, 2024 and 2023 and for the years ended December 31, 2023 and 2022.

24. Changes in Liabilities Arising from Financing Activities

	January 1, 2024	**Noncash transactions**	**Net cash flows**	**June 30, 2024**
Loans payable	**₱21,684,295,975**	**₱25,584,268**	**₱1,712,953,043**	**₱23,422,833,286**
Lease liabilities	**153,587,016**	**4,812,387**	**(23,724,902)**	**134,674,501**
Dividends payable	**–**	**69,333,400**	**–**	**69,333,400**
Total liabilities arising from financing activities	**₱21,837,882,991**	**₱99,730,055**	**₱1,689,228,141**	**₱23,626,841,187**

	January 1, 2023	Noncash transactions	Net cash flows	December 31, 2023
Loans payable	₱19,966,468,476	₱35,390,248	₱1,682,437,251	₱21,684,295,975
Lease liabilities	340,104,664	(116,743,809)	(69,773,839)	153,587,016
Dividends payable	–	58,933,390	(58,933,390)	–
Total liabilities arising from financing activities	₱20,306,573,140	(₱22,420,171)	₱1,553,730,022	₱21,837,882,991